

### Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	626.85	626.85	630.85	630.85	626.85	630.85	4.00	0.64%
Personal Services	32,582,100	36,947,056	38,785,347	39,081,461	69,529,156	77,866,808	8,337,652	11.99%
Operating Expenses	14,373,649	11,476,817	15,226,563	15,508,422	25,850,466	30,734,985	4,884,519	18.90%
Equipment & Intangible Assets	227,741	27,000	227,741	227,741	254,741	455,482	200,741	78.80%
Grants	9,947,378	11,538,389	11,462,468	11,476,729	21,485,767	22,939,197	1,453,430	6.76%
Benefits & Claims	46,081,172	65,343,210	56,586,647	59,318,440	111,424,382	115,905,087	4,480,705	4.02%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	38,153	106,196	42,953	42,953	144,349	85,906	(58,443)	(40.49%)
<b>Total Costs</b>	<b>\$103,250,193</b>	<b>\$125,438,668</b>	<b>\$122,331,719</b>	<b>\$125,655,746</b>	<b>\$228,688,861</b>	<b>\$247,987,465</b>	<b>\$19,298,604</b>	<b>8.44%</b>
General Fund	55,876,309	63,169,445	66,143,850	67,779,736	119,045,754	133,923,586	14,877,832	12.50%
State Special	9,817,772	13,088,335	12,781,914	12,912,314	22,906,107	25,694,228	2,788,121	12.17%
Federal Special	37,556,112	49,180,888	43,405,955	44,963,696	86,737,000	88,369,651	1,632,651	1.88%
<b>Total Funds</b>	<b>\$103,250,193</b>	<b>\$125,438,668</b>	<b>\$122,331,719</b>	<b>\$125,655,746</b>	<b>\$228,688,861</b>	<b>\$247,987,465</b>	<b>\$19,298,604</b>	<b>8.44%</b>

### Program Description

The Addictive and Mental Disorders Division (AMDD) is responsible for providing alcohol and drug prevention services, treatment and aftercare services, and mental health treatment services. Alcohol and drug services are provided through inpatient and outpatient settings. Direct inpatient services are provided at the 76-bed Montana Chemical Dependency Center (MCDC) in Butte. Other inpatient, outpatient, and prevention services are provided through contracts with community-based programs around the state.

Community-based mental health services are delivered to eligible Medicaid and non-Medicaid individuals through a network of providers around the state. Non-Medicaid services are delivered through the Mental Health Services Plan (MHSP) and provide services to individuals earning up to 150 percent of the federal poverty level. The Montana State Hospital (MSH) at Warm Springs (189 licensed beds) and the Montana Mental Health Nursing Care Center (MMHNCC) at Lewistown (165 beds available with 75 beds budgeted) provide institutional services to individuals with mental illness. The services at MSH are typically of a short duration while services for residents at the MMHNCC are considered to be long term.

Statutory references: Mental health is in Title 53, Chapter 21, parts 1 through 7 and part 10, MCA, and P. L. 102-321, CFR. Chemical dependency is in Title 53, Chapters 1 and 24, MCA, and Part C, Title XIX of the Social Security Act.

### Program Highlights

Addictive and Mental Disorder Division Major Budget Highlights	
◆	The 2011 biennium budget is \$19.3 million more than the 2009 biennium budget, including \$14.9 million general fund
◆	Most of the change is in personal services costs, which increase a total of \$8.4 million rising to \$77.9 million in the 2011 biennium due to changes in state institution budgets <ul style="list-style-type: none"> <li>• Institution costs drive the increase due to annualization of 2009 biennium pay plan and reinstatement of overtime, holiday, and shift differential costs, which are removed from the base budget</li> </ul>

<ul style="list-style-type: none"> <li>• Services costs increase a small amount - \$5.5 million - growing to a total of \$115 million in the 2011 biennium <ul style="list-style-type: none"> <li>○ Medicaid costs were lower than the FY 2008 appropriation and growth trends are moderate</li> <li>○ Much of the increase is related to annualization of the cost of initiatives implemented in FY 2008</li> </ul> </li> <li>◆ Compared to base budget expenditures, other major components of the executive request include: <ul style="list-style-type: none"> <li>• \$2.8 million general fund to annualize the costs of 72 hour community crisis stabilization services</li> <li>• \$1.6 million general fund to continue Goal 189 services initiated by DPHHS in FY 2008 to fund community services for persons ready to be discharged from or at risk of being admitted to the Montana State Hospital</li> <li>• \$1.5 million total (\$0.7 million general fund) for a 1 percent provider rate increase each year of the biennium</li> </ul> </li> <li>◆ Nearly all new initiatives funded by the 2007 Legislature were implemented in the 2009 biennium</li> <li>◆ AMDD goals and objectives establish desirable outcomes and demonstrate cross agency cooperation</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>◆ Use of health and Medicaid initiatives funds for the Mental Health Services Plan appears to be illegal</li> <li>◆ Medicaid caseload trends may be too high</li> <li>◆ Waiver implementation should be reviewed to determine whether full enrollment is likely <ul style="list-style-type: none"> <li>• The average annual cost of the waiver appears to be significantly less than the average cost used to develop the 2011 biennium budget request</li> </ul> </li> <li>◆ AMDD goals and objectives lack measures and time frames - it is not possible to tell if outcomes are attained</li> </ul>

### Program Narrative

The AMDD 2011 biennium budget request is \$19.3 million greater than the 2009 biennium, including \$14.9 million general fund. Changes in state institution budgets account for \$12.8 million of the total change, and \$11.6 million of the increase in general fund.

The largest increase is in personal services, including 4.00 new FTE, although the cost of new FTE contributes only marginally to the 2011 biennium increase. Personal services costs increase due to:

- Annualization of 2009 biennium pay plan increases primarily at state institutions, including additional pay raises given to nurses (\$2.50 per hour) and licensed practical nurses (entry level wage increased by \$2.35 per hour; hourly increase was greater for existing staff and varied by market rate of each position) in FY 2008 in order to recruit and retain staff at the state hospital
- Removal of overtime, shift differential, and holiday institutional expenditures in the FY 2008 and requests to reinstate funding in FY 2010 and FY 2011
- Fully funding vacant positions, particularly at state institutions, which experienced difficulty in recruiting and retaining medical staff

Operating cost increases between the biennia are largely due to inflation in medical, food, and utility costs at the three state institutions administered by AMDD.

Total Medicaid costs are \$2.1 million lower in the 2011 biennium than the 2009 biennium, including \$1.5 million general fund. The biggest change is from the one time appropriation for a behavioral inpatient health facility (BHIF) for \$4.8 million total funds, including \$1.5 million general fund. Additionally, there was slower growth than anticipated in FY 2008. Medicaid costs were \$15.2 million lower than the appropriation – mostly in the AMDD community based services waiver, which expanded much more slowly than anticipated

The biennial comparisons include FY 2009 appropriations, which fund increases for caseload, institution inflation and personal services above the base budget level, and the full cost of programs partially implemented in FY 2008. Since the executive budget is built from the FY 2008 base budget, annual adjustments account for some of the FY 2009 increases; therefore, the executive budget changes exceed the biennial difference.

#### *Executive Budget Changes Compared to Base Budget*

The major components of the AMDD 2011 biennium executive budget request compared to the 2008 base budget are:

- o \$8.1 million general fund (\$9.2 million total funds) for institutional changes, including requests to restore overtime, holiday, and shift differential pay, funding for aggregate positions, including 4.00 new FTE for the Montana Chemical Dependency Center (MCDC), and inflation in operating costs
- o \$5.0 million general fund (\$14.0 million total funds) to annualize the cost of programs partially implemented in FY 2008
- o \$3.9 million general fund (\$9.2 million total funds) for Medicaid service utilization and eligibility increases

Benefits and claims – payments for services for eligible individuals – is the largest component of the AMDD budget increasing from \$46.1 million in FY 2008 to \$59.3 million in FY 2011. Personal services is the next largest component rising from \$32.6 million to \$39.1 million over the same time period. AMDD has about 630 FTE, most of whom (93 percent) work in the three state institutions administered by the division.

Figure 62 shows the AMDD base budget compared to the 2011 biennium request by major function and individual programs. The mental health function of the division has the largest budget – about 84 percent of the FY 2011 request compared to the addiction services budget with 14 percent.

Figure 62

Addictive and Mental Disorders Division FY 2008 Base Budget Expenditures Compared to 2011 Biennium Executive Budget Request

Budget Component	FY 2008 Base Budget Expenditures				FY 2010 Executive Request				FY 2011 Executive Request				% of Ttl Division
Function/Benefit	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	
<b>Total Division</b>													
Division Admin.	\$905,441	\$158,926	\$578,386	\$1,642,753	\$990,676	\$149,032	\$536,534	\$1,676,242	\$997,231	\$149,989	\$540,671	\$1,687,891	1.3%
Mental Health	52,980,512	5,180,859	27,065,756	85,227,127	62,989,570	7,369,373	32,487,582	102,846,525	64,554,130	7,405,393	34,016,079	105,975,602	84.3%
Addiction Services	<u>1,990,356</u>	<u>4,477,987</u>	<u>9,911,970</u>	<u>16,380,313</u>	<u>2,163,604</u>	<u>5,263,509</u>	<u>10,381,839</u>	<u>17,808,952</u>	<u>2,228,375</u>	<u>5,356,932</u>	<u>10,406,946</u>	<u>17,992,253</u>	14.3%
<b>Total Division</b>	<b>\$55,876,309</b>	<b>\$9,817,772</b>	<b>\$37,556,112</b>	<b>\$103,250,193</b>	<b>\$66,143,850</b>	<b>\$12,781,914</b>	<b>\$43,405,955</b>	<b>\$122,331,719</b>	<b>\$67,779,736</b>	<b>\$12,912,314</b>	<b>\$44,963,696</b>	<b>\$125,655,746</b>	<b>100.0%</b>
Percent of Total	54.1%	9.5%	36.4%	100.0%	54.1%	10.4%	35.5%	100.0%	53.9%	10.3%	35.8%	100.0%	
<b>State Institution Costs</b>													
State Hospital	\$28,808,461	\$422,963	\$0	\$29,231,424	\$32,809,103	\$422,517	\$0	\$33,231,620	\$33,113,035	\$422,509	\$0	\$33,535,544	26.7%
Nursing Care Center	7,693,018	0	0	7,693,018	9,500,955	0	0	9,500,955	9,670,893	0	0	9,670,893	7.7%
Chemical Dependency Cnt	0	<u>3,791,337</u>	<u>457,083</u>	<u>4,248,420</u>	0	<u>4,404,899</u>	<u>456,994</u>	<u>4,861,893</u>	0	<u>4,475,894</u>	<u>456,995</u>	<u>4,932,889</u>	3.9%
<b>Subtotal Institutions</b>	<b>\$36,501,479</b>	<b>\$4,214,300</b>	<b>\$457,083</b>	<b>\$41,172,862</b>	<b>\$42,310,058</b>	<b>\$4,827,416</b>	<b>\$456,994</b>	<b>\$47,594,468</b>	<b>\$42,783,928</b>	<b>\$4,898,403</b>	<b>\$456,995</b>	<b>\$48,139,326</b>	38.3%
% of Total Division Budget	65.3%	42.9%	1.2%	39.9%	64.0%	37.8%	1.1%	38.9%	63.1%	37.9%	1.0%	38.3%	
<b>Grants</b>													
<b>Mental Health Grants</b>													
Mental Health Svcs Plan*	\$5,626,598	\$0	\$1,201,776	\$6,828,374	\$475,000	\$0	\$0	\$475,000	\$475,000	\$0	\$0	\$475,000	0.4%
72 Hr Crisis Care	83,300	0	0	83,300	1,412,473	0	0	1,412,473	1,412,473	0	0	1,412,473	1.1%
Drop In Centers	256,656	0	0	256,656	361,647	0	0	361,647	361,647	0	0	361,647	0.3%
	91,772	0	285,159	376,931	91,772	0	285,159	376,931	91,772	0	285,159	376,931	0.3%
Suicide Prevention	50,000	0	0	50,000	200,000	0	0	200,000	200,000	0	0	200,000	0.2%
Service Area Authority	55,000	0	0	55,000	55,000	0	0	55,000	55,000	0	0	55,000	0.0%
Start up Funds - SDMI	0	25,100	0	25,100	0	0	0	0	0	0	0	0	0.0%
<b>Addiction Services</b>													
Community Grants	0	0	<u>2,345,350</u>	<u>2,345,350</u>	0	0	<u>2,791,487</u>	<u>2,791,487</u>	0	0	<u>2,791,437</u>	<u>2,791,437</u>	2.2%
<b>Subtotal Grants**</b>	<b>\$6,163,326</b>	<b>\$25,100</b>	<b>\$3,832,285</b>	<b>\$10,020,711</b>	<b>\$2,595,892</b>	<b>\$0</b>	<b>\$3,076,646</b>	<b>\$5,672,538</b>	<b>\$2,595,892</b>	<b>\$0</b>	<b>\$3,076,596</b>	<b>\$5,672,488</b>	4.5%
% of Total Division Budget	11.0%	0.3%	10.2%	9.7%	3.9%	0.0%	7.1%	4.6%	3.8%	0.0%	6.8%	4.5%	
<b>Benefits/Services</b>													
<b>Medicaid</b>													
Mental Health	\$6,003,111	\$1,736,538	\$18,709,654	\$26,449,303	\$8,108,757	\$1,718,102	\$20,400,338	\$30,227,197	\$9,095,269	\$1,956,888	\$21,735,213	\$32,787,370	26.1%
Community Waiver Srv	0	220,350	514,150	734,500	0	1,710,279	3,550,499	5,260,778	0	1,492,314	3,768,464	5,260,778	4.2%
PACT	1,023,382	0	2,236,836	3,260,218	1,343,551	0	2,789,180	4,132,731	1,362,561	0	2,770,170	4,132,731	3.3%
ICBR	510,402	0	1,115,599	1,626,001	528,613	0	1,097,388	1,626,001	536,093	0	1,089,908	1,626,001	1.3%
Institutional Reim.	0	0	2,324,002	2,324,002	0	0	2,324,002	2,324,002	0	0	2,324,002	2,324,002	1.8%
Chemical Dependency	95	457,419	997,860	1,455,374	95	500,785	1,038,646	1,539,526	95	522,944	1,062,221	1,585,260	1.3%
<b>Other Benefits</b>													
<b>Mental Health Services</b>													
Mental Health Svcs Plan*	674,401	2,768,810	0	3,443,211	5,011,723	3,433,968	1,201,776	9,647,467	4,754,085	3,433,968	1,201,776	9,389,829	7.5%
PACT - MHSP Slots	872,513	0	0	872,513	872,513	0	0	872,513	872,513	0	0	872,513	0.7%
Intensive Services - Goal 18	218,860	0	0	218,860	1,026,480	0	0	1,026,480	1,034,291	0	0	1,034,291	0.8%
Chemical Dependency	1,692,278	0	4,982,790	6,675,068	1,745,995	0	4,982,790	6,728,785	1,820,250	0	4,982,790	6,803,040	5.4%
Adjustments	0	0	<u>(795)</u>	<u>(795)</u>	0	0	<u>(795)</u>	<u>(795)</u>	0	0	<u>(795)</u>	<u>(795)</u>	0.0%
<b>Subtotal Benefits**</b>	<b>\$10,995,042</b>	<b>\$5,183,117</b>	<b>\$30,880,096</b>	<b>\$47,058,255</b>	<b>\$18,637,727</b>	<b>\$7,363,134</b>	<b>\$37,383,824</b>	<b>\$63,384,685</b>	<b>\$19,475,157</b>	<b>\$7,406,114</b>	<b>\$38,933,749</b>	<b>\$65,815,020</b>	52.4%
% of Total Division Budget	19.7%	52.8%	82.2%	45.6%	28.2%	57.6%	86.1%	51.8%	28.7%	57.4%	86.6%	52.4%	

\*Mental Health Services Plan budget amounts were reallocated, moving \$6.4 million general fund from grants to benefits in anticipation of fully implementing a fee for service reimbursement methodology.

\*\*Benefits and grants totals will not tie to the main division table because Goal 189, suicide prevention, and drop-in center services have been consolidated in either grants or services funding. The executive request allocates individual program budgets between services and grants. Additionally, expenditures for the meth treatment group homes have been recorded as benefits expenditures while the executive request records a substantial portion as operating costs.

*Institution Budgets*

State institution costs are 38 percent of the FY 2011 request, but 27 percent of the general fund.

State institution costs increase due to inflation in operating costs and requests to reinstate overtime, holiday and shift differential pay, which are removed from base budget expenditures. Reinstatement of those payments accounts for \$7.4 million over the biennium. Figure 63 shows the base budget for each state institution compared to the budget request.

Montana State Hospital (MSH) is the largest of the institutions, with 406.50 FTE and a FY 2011 budget request of \$33.5 million, nearly all funded by general fund. MSH has a design capacity of 135 beds, a licensed capacity of 189 beds, and a physical capacity of 209 beds, which includes 15 group home beds in two units and 20 unlicensed beds in the Old Receiving Hospital. The MSH daily population routinely exceeded 200 during the first eight months of FY 2008 and averaged 204 over the entire year.

*Goal 189*

In February 2008, DPHHS declared an exigency situation at MSH due to the ongoing high census and implemented Goal 189 to lower the population to 189 or lower. DPHHS used some of the excess general fund (see discussion in the agency overview) in Medicaid appropriations to fund development of community services for persons ready to be discharged from the state hospital. Services provided include: group home, Program for Assertive Community Treatment (PACT), adult foster care, and medications. There are no eligibility criteria to receive Goal 189 services other a person needs to be ready for discharge from MSH or at risk of placement in MSH and has no other payment source available to purchase services.

Initially DPHHS also made per diem payments to Share House in Missoula to provide financial stability and continued operation of the facility. Many of the persons who lived at Share House had received treatment at MSH and may have been readmitted had Share House closed. The executive budget includes \$1.8 million general fund over the biennium to continue Goal 189 services.

Figure 63			
Base Budget Compared to 2011 Biennium Budget Request			
Institutions Administered by AMDD			
Institution	Actual	Executive Request	
Cost/Funding	FY 2008	FY 2010	FY 2011
<u>Montana State Hospital</u>			
FTE	406.4	406.4	406.4
Personal Services*	\$22,916,676	\$26,530,121	\$26,741,115
All Other	<u>6,314,748</u>	<u>6,701,499</u>	<u>6,794,429</u>
Total	<u>\$29,231,424</u>	<u>\$33,231,620</u>	<u>\$33,535,544</u>
General Fund	\$28,808,461	\$32,809,103	\$33,113,035
State Special Rev.	422,963	422,517	422,509
Population	204	178	178
Costs Per Person	\$143,291	\$186,694	\$188,402
Cost Per Day	\$393	\$511	\$516
Annual Increase		14.1%	7.3%
<u>Mental Health Nursing Care Center</u>			
FTE	122.70	122.70	122.70
Personal Services	\$4,523,359	\$6,115,108	\$6,171,127
All Other*	<u>3,169,659</u>	<u>3,385,847</u>	<u>3,499,766</u>
Total	<u>\$7,693,018</u>	<u>\$9,500,955</u>	<u>\$9,670,893</u>
General Fund	\$7,693,018	\$9,500,955	\$9,670,893
Population	83	83	83
Cost Per Person	\$92,687	\$114,469	\$116,517
Cost Per Day	\$254	\$314	\$319
Annual Increase		11.1%	1.8%
<u>Montana Chemical Dependency Center</u>			
FTE	54.25	58.25	58.25
Personal Services	\$2,939,989	\$3,439,115	\$3,462,242
All Other*	<u>1,308,431</u>	<u>1,422,778</u>	<u>1,470,647</u>
Total	<u>\$4,248,420</u>	<u>\$4,861,893</u>	<u>\$4,932,889</u>
State Special Rev.	\$3,791,337	\$4,404,899	\$4,475,894
Federal Funds	457,083	456,994	456,995
Population	56	56	56
Cost Per Person	\$75,527	\$86,990	\$88,261
Cost Per Day	\$207	\$238	\$242
Annual Increase		7.3%	1.5%
<u>Total Division Institution Budget</u>			
FTE	583.35	587.35	587.35
% of Division Total	93.1%	93.1%	93.1%
General Fund	\$36,501,479	\$42,310,058	\$42,783,928
% of Division Total	65.3%	64.0%	63.1%
Total Funds	<u>\$41,172,862</u>	<u>\$47,594,468</u>	<u>\$48,139,326</u>
Annual Increase		7.5%	1.1%

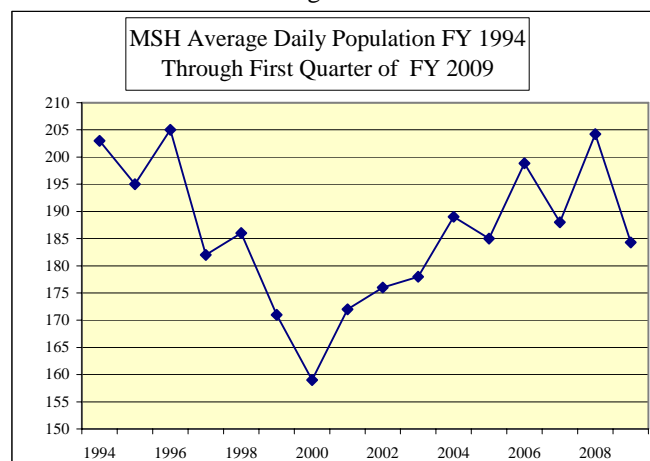
**LFD  
COMMENT**

Figure 61 includes all costs of Goal 189 costs in the benefit category of expenditure even though the costs are split among grants and benefits in the executive request. Since Goal 189 services will provide payments on behalf of specific individuals, the LFD interpretation of is that the funding supports services and not grants. The LFD will reallocate expenditures accordingly if the Goal 189 expansion is approved by the legislature.

Figure 64 shows the average daily population for MSH through October 2008. Goal 189 services appeared to have an impact on MSH populations, with ADP averaging 176 in the first two months of FY 2009. However, recently the population has begun to creep up, reaching over 200 a few times. The ADP in October 2008 was 190.

The executive budget assumes an ADP of 178 during the 2011 biennium, slightly lower than the ADP anticipated by the 2007 Legislature. The average annual cost per person was about \$143,000 in FY 2008 and rises to about \$188,000 in FY 2011 – about \$516 per day. In order to lower costs at MSH the ADP needs to decline and stabilize at a level closer to 150, so that the hospital can close an entire wing.

Figure 64

**LFD  
COMMENT**

The legislature may wish to ask AMDD staff how it will manage the rising MSH population and what factors are contributing to the increase. The legislature may wish to ask how services, such as Goal 189, might be structured to help lower admissions, facilitate discharges, and provide stability for persons discharged to community services so that they are not readmitted within a short time period.

*Other Institution Budgets*

The Mental Health Nursing Care Center (MHNCC) grows from \$7.7 million in FY 2008 to \$9.7 million in FY 2011. The ADP remains constant at 83, but the average daily cost rises from \$92,687 to \$116,517 over that time period.

The Montana Chemical Dependency Center (MCDC) average daily population was 56 in FY 2008 compared to the budgeted level of 72. The average daily cost increases from \$207 to \$242 in FY 2011. Part of the cost increase is related to a request for 4.00 new FTE.

*Grant Budget*

About 2 percent of the AMDD FY 2011 budget request funds grant programs for mental health and addiction services. The Mental Health Services Plan (MHSP) is funded from the general fund and the federal mental health block grant in FY 2008, but only general fund in the 2011 biennium. Base grant expenditures are higher than the 2011 biennium budget request because MHSP is transitioning from a grant based program to fee for service reimbursement. Since reimbursement will be provided for specific services to specific individuals, most of the general fund is shifted from grants to benefits. Remaining general fund (\$475,000) supports recovery based services.

MSHP drug benefits are funded with general fund and health and Medicaid initiative state special revenue funds and are recorded as benefits/services costs.

Over the last several biennia, AMDD has contracted with licensed mental health centers to provide mental health services to persons eligible for MSHP. The contracts provided a fixed payment regardless of the number of eligible persons and the services provided.

The 2007 Legislature appropriated an additional \$2.6 million general fund each year of the 2009 biennium to expand access to MHSP services. The legislature also intended that the MHSP program transition from a grant funded to fee for service reimbursement system by FY 2009.

#### *MHSP Moving to Fee for Service*

AMDD began expanding the types of providers that can participate in MHSP and provide medication management services. Physicians, psychiatrists, mid-level practitioners, Federally Qualified Health Centers, Rural Health Centers, and laboratories were added during FY 2008. On July 1, 2008 licensed mental health centers were added to the fee for service expansion. A plan of benefits was developed. Extraordinary services are available by prior authorization. AMDD is monitoring utilization carefully to ensure fiscal sustainability through fiscal year.

Costs for the expanded provider network were about \$1.4 million in FY 2008, leaving \$1.2 million of the additional legislative appropriation for MSHP expansion. The \$1.2 million was allocated among mental health centers that contracted to provide services (other than prescriptions) to the MHSP population if service claims existed to support additional payment.

#### *Other Mental Health Grants*

72 hour community crisis stabilization, mental health drop-in centers, suicide prevention, and grants to support Service Area Authorities (SAA's) were initiated in FY 2008. 72 hour crisis stabilization services provide funding for up to 72 hours to evaluate and stabilize a person in crisis. AMDD began implementation by contracting for pilot programs and expanded to all providers July 1, 2008.

The 2007 Legislature appropriated funds for expansion of mental health drop-in centers and implementation of a suicide prevention program. The 2011 biennium budget request includes funds to annualize costs for full implementation.

Services for homeless mentally ill persons are funded from a federal categorical grant.

Grants to community addiction services providers and other community groups are funded by general fund and federal block grant funds. These funds are supplemented by two statutory appropriations from the alcohol tax state special revenue that are discussed in the funding section.

#### *Benefits and Services*

Programs that fund community based mental health and chemical dependency services for eligible individuals are 52 percent of the FY 2011 budget request. Medicaid mental health services for adults total \$46.2 (37 percent of the total division budget) when all Medicaid program components are added together. Mental health Medicaid costs are projected to increase about 7 percent annually.

The adult mental health community services waiver received federal approval in FY 2006 and AMDD began waiver implementation late in FY 2006. The waiver provides Medicaid eligible persons with a severe and disabling mental illness who need either hospital or nursing home level of care enhanced services to support them in the community. The waiver has expanded slowly. Annualization of the AMDD Medicaid community based waiver adds \$4.5 million per year.

**LFD  
ISSUE****Caseload Cost Trends and Waiver Budget Request Should be Reviewed**

There are two issues discussed in greater detail in the Mental Health Services sub-program budget narrative: Medicaid cost trends used to develop the 2011 biennium may be too high, and implementation of waiver services has progressed slowly.

**Legislative Option**

The legislature may wish to review and potentially lower cost estimates for both programs if it decides to fund the requests.

Medicaid mental health services include budget requests for the Program for Assertive Community Treatment (PACT) and intensive community based rehabilitation (ICBR). These two services provide stable living and treatment environments for persons who are at high risk of placement in MSH or who transitioned from MSH to the community.

There were 314 PACT slots budgeted in FY 2008 and 406 slots actually available in FY 2008. The increase is due to providers initiating PACT programs. There was an average of 357 persons enrolled in PACT services during FY 2008 at an annual average per capita cost of \$15,852. Figure 65 shows the number of PACT slots available during FY 2008.

FY 2008 included funding for 31 ICBR slots at an average cost of \$82,125 annually. However, an average of 20 slots was used.

Chemical dependency Medicaid services rise slightly from \$1.5 million in the base budget to \$1.6 million in the FY 2011 budget request.

**Goal 189 Budget**

Goal 189 services were discussed in conjunction with the state hospital budget. The funding for community services is intended to help lower the MSH census. The services are funded from the general fund and rise from \$0.2 million in FY 2008 to \$1.0 million in each year of the 2011 biennium. The executive budget request includes the \$0.8 million increase in grant expenditures, but Figure 62 shows the increase in benefits since payments will fund services for specific individuals.

**Chemical Dependency Services**

The executive budget includes \$8.9 million for addiction services. Federal block grants provide \$5.5 million and general fund is \$3.3 million over the 2011 biennium. The general fund supports community group homes for methamphetamine treatment. The 2007 Legislature approved the new programs.

Figure 65 FY 2008 PACT Capacity	
Location	Slots
Helena	70
Billings	70
Kalispell	70
Great Falls	70
Missoula	70
Butte	<u>56</u>
Total	<u>406</u>
Number Filled	357
% Utilization	87.9%

**LFD  
COMMENT****Reallocation of Costs from Operating to Grants**

Figure 62 includes the budget for group home services for addiction treatment as grant expenditures. The executive budget includes most of the cost in operating costs as contracted services. However, the budget does not support direct operating costs, but supports funding for community services. If the legislature approves the budget request, the LFD will record the meth treatment home costs as grant expenditures and not costs that support state agency administration.



*A 2007 Legislative Initiative May not be Implemented – Behavioral Health Inpatient Facility*

The 2007 Legislature approved funding for a variety of new community mental health services. Most were implemented in FY 2008, although start up was slow for some programs due to workload and obstacles such as changes to automated eligibility and payment systems.

One mental health initiative funded by the legislature – a Behavioral Health Inpatient Facility (BHIF) – may not be implemented. A BHIF is a facility with 15 or fewer inpatient beds that can provide intensive mental health services for stays up to 90 days, potentially avoiding an admission to the state hospital. The legislature approved a one time appropriation for \$3.0 million general fund and \$3.3 million in federal matching funds for FY 2009.

This appropriation was the second attempt to implement BHIF's. The first was the 2005 biennium and was not successful for a variety of reasons, but one of the most significant obstacles was payment for physical health conditions of persons admitted to BHIFs for mental health services. The daily rate for BHIF services was not sufficient to cover physical health services costs as well as mental health services costs.

*Goals and Objectives:*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

The AMDD goal is to provide services that sustain and improve the lives of individuals with mental illness and addictive disorders, in appropriate settings.

Objectives and measures adopted to evaluate whether progress is being made to achieve the goal are:

- o Develop and support a community based system of care that is recovery-focused and consumer driven, and includes evidence-based modalities:
  - implement the Illness Management and Recovery treatment model for consumers
  - provide direction and support to providers for delivery of recovery-focused services that results in improved outcomes for employment, housing, and other major life domains
  - continue to increase the number of providers trained in strength-based case management
  - increase the use of peer services
  - provide intensive community service slots for people with high needs, to sustain them in community settings
  - develop funding strategies for services provided to individuals with co-occurring disorders
  - provide training and support to chemical dependency providers for the implementation of a Continuous Quality Improvement (CQI) process within their programs
- o Increase the capacity for community crisis services:
  - further implement 72 Hour Presumptive Eligibility Program
  - increase number of crisis stabilization bed days provided in community settings
  - provide full course Crisis Intervention Team (CIT) training to majority of law enforcement personnel statewide
- o Improve the use of data for service delivery and management of programs:
  - fully implement recovery marker reporting, to include all licensed mental health centers serving adults
  - implement an electronic medical record program at all AMDD facilities
  - fully implement Substance Abuse Management System (SAMS) for all chemical dependency providers

- o Collaborate with the Department of Corrections to improve outcomes for offenders with serious mental illnesses and co-occurring substance use disorders:
  - the partnership addresses needs of offenders through shared planning, information, resources and treatment methods
  - consistent, evidence based practices are developed across systems
  - transitions among facilities, programs and into communities are well integrated for offenders with mental illness and chemical dependency
- o Provide effective inpatient treatment that enables sustainable recovery in communities:
  - maintain applicable license and certification requirements at all AMDD facilities
  - maintain hospital census at or below licensed capacity
  - continuously implement strategies that help all facilities maintain adequate workforce
- o Decrease the incidence of suicide completions across all age groups:
  - continuously add schools that agree to implement SOS programs
  - continuously advertise suicide hotline number
  - aggressively provide risk identification programs to agencies

**LFD  
COMMENT****Goals and Objectives Establish Worthy Outcomes and Demonstrate Cross Agency Cooperation**

The goals and objectives developed by AMDD emphasize recovery based and community oriented services. The goals and objectives are consistent with division discussions with the legislature and reflect the legislature's intent when it initiated services and programs through the appropriation process in the 2007 session.

Additionally, AMDD recognizes that access to (and eligibility for) mental health and substance abuse services are key in assisting some offenders on probation or parole to continue to live in community settings within the conditions of their release. Access to services can help prevent recidivism and return to higher, potentially more costly, security correctional settings. This cross agency purpose has been the focus of legislative studies and initiatives over several years, including several bills recommended by the Interim Law and Justice Committee and Interim Committee on Children and Families, which are summarized in the agency overview.

**LFD  
ISSUE****Not Possible to Determine Whether Goals are Being Achieved**

While the overarching goal and objectives are very good, the outcome measures lack benchmarks tied to a specific point in time and include no target. Without time bound measures tied to a data indicator, legislators will not be able to tell if division efforts are accomplishing the goal. For instance, some of the objectives state that the division will undertake an action continuously, such as continuously add schools that agree to implement the Signs of Suicide (SOS) program. Does "continuously add" mean a certain number of schools, and if so how many from what point in time?

Another very important objective is to increase the use of peer services. However, without a starting point and measure the legislature (and public) will not be able to tell whether or how much peer services are increasing. If one program is implemented in one location, then the objective has been met. Since there is no time frame, the objective could be met for a number of years by the development of one program.

**Legislative Options**

The legislature could discuss with AMDD specific time bound measures and articulate a starting period. The legislature could discuss specifics for all objectives or identify objectives that it considered most important and request specific bench marks and measures. Such information would allow the legislature and public to evaluate progress toward the goal and effort expended to achieve the objectives. The information would allow the legislature to have policy focused discussions with AMDD about mental health and chemical dependency services.

The same obstacle remains for development of a BHIF this biennium. In addition, the appropriation is one time and the executive budget does not include funding to continue BHIF services in the 2011 biennium. Another road block was the development of a per diem payment for Medicaid eligible services that would be acceptable to the federal Center for Medicare and Medicaid Services (CMS).

### Funding

AMDD is supported by general fund, state special revenue, and federal funds. General fund is 54 percent of the 2011 biennium budget request and rises \$14.9 million between biennia, due primarily to institutional changes (\$10.0 million), an increase in Goal 189 funding (\$1.6 million), and annualization of 72 hour community crisis stabilization services (\$1.3 million). General fund also pays state Medicaid match, a portion of the MHSP mental health services, and community crisis stabilization services.

Program Funding Table Addictive & Mental Disorders							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 55,876,309	54.1%	\$ 66,143,850	54.1%	\$ 67,779,736	53.9%
	01100 General Fund	55,876,309	54.1%	66,143,850	54.1%	67,779,736	53.9%
02000	Total State Special Funds	9,817,772	9.5%	12,781,914	10.4%	12,912,314	10.3%
	02034 Earmarked Alcohol Funds	4,283,362	4.1%	5,068,884	4.1%	5,162,307	4.1%
	02053 Medicaid Nursing Home Match	1,043,037	1.0%	1,043,037	0.9%	1,043,037	0.8%
	02129 Amdd/Doc Agr 05-021-Ysd	-	-	-	-	-	-
	02179 Mtupp Tobacco Prevention Grant	-	-	-	-	-	-
	02217 Amdd/Doc Shared Position	79,453	0.1%	81,113	0.1%	81,139	0.1%
	02384 02 Indirect Activity Prog 33	79,473	0.1%	67,919	0.1%	68,850	0.1%
	02394 Montana State Hospital Rev Acc	-	-	-	-	-	-
	02691 6901-Msh/Doc Maint Agreement	422,963	0.4%	422,517	0.3%	422,509	0.3%
	02772 Tobacco Hlth & Medid Initiative	3,874,727	3.8%	6,011,378	4.9%	6,032,199	4.8%
	02987 Tobacco Interest	34,757	0.0%	87,066	0.1%	102,273	0.1%
03000	Total Federal Special Funds	37,556,112	36.4%	43,405,955	35.5%	44,963,696	35.8%
	03082 Spfsig Cfda 93.243	1,896,006	1.8%	2,319,929	1.9%	2,320,063	1.8%
	03171 Data Infrastructure Development	157,878	0.2%	99,274	0.1%	99,312	0.1%
	03505 93.150 - Mntal Hlth - Homeless	285,159	0.3%	285,159	0.2%	285,159	0.2%
	03506 93.279 - Adad - Data Contract	-	-	-	-	-	-
	03507 93.958 - Mntal Hlth - Blk Grt	1,201,776	1.2%	1,201,776	1.0%	1,201,776	1.0%
	03508 93.959 - Adad - Blk Grt 100%	6,960,044	6.7%	6,957,864	5.7%	6,958,293	5.5%
	03580 6901-93.778 - Med Adm 50%	736,895	0.7%	904,640	0.7%	907,756	0.7%
	03583 93.778 - Med Ben Fmap	25,898,101	25.1%	31,200,053	25.5%	32,749,978	26.1%
	03601 03 Indirect Activity Prog 33	420,253	0.4%	437,260	0.4%	441,359	0.4%
	03684 6901-Data Infrastructure93-230	-	-	-	-	-	-
Grand	Total	\$ 103,250,193	100.0%	\$ 122,331,719	100.0%	\$ 125,655,746	100.0%

State special revenue is used for state Medicaid matching funds, MHSP prescription drug services, and chemical dependency programs. The largest state special revenue source is the health and Medicaid initiatives account. It increases \$2.1 million between biennia, largely due to annualization of the Medicaid community services waiver, which adds \$1.4 million. Alcohol tax is the second most significant source of state special revenue. It supports MCDC, grants to local programs, and two statutory appropriations to counties. Figure 66 shows the revenues and expenditures from the alcohol tax.

Figure 66					
Earmarked Alcohol Tax Revenue and Expenditures					
FY 2008 Actual Through 2011 Biennium Budget Request					
Revenue/Expenditures	Actual	Budgeted	Executive Request		% of
Fund Balance	FY 2008	FY 2009	FY 2010	FY 2011	Total
Beginning Balance	\$417,243	\$864,452	\$121,080	\$106,965	
<b>Revenues*</b>					
Liquor License	\$5,122,428	\$5,435,000	\$5,736,000	\$6,128,000	74.6%
Beer Tax	965,469	976,000	996,000	1,015,000	12.4%
Wine Tax	836,544	889,000	936,000	982,000	11.9%
DPHHS Cost Recovery	69,761	109,645	69,761	69,761	0.8%
Other Receipts**	23,160	10,810	23,160	23,160	0.3%
Total Revenue	\$7,017,362	\$7,420,455	\$7,760,921	\$8,217,921	100.0%
Annual Percent Change	8.3%	5.7%	4.6%	5.9%	
Total Funds Available	<u>\$7,434,605</u>	<u>\$8,284,907</u>	<u>\$7,882,001</u>	<u>\$8,324,886</u>	
<b>Disbursements</b>					
Chemical Dependency Cntr (MCDC)	\$3,791,337	\$3,738,680	\$4,404,899	\$4,475,894	56.6%
Distribution to Counties***	1,384,888	2,231,531	1,534,225	1,625,000	20.5%
Services for Dually Diagnosed***	374,157	481,800	506,088	443,329	5.6%
CD Medicaid Services/Admin.	262,794	388,389	306,160	328,319	4.2%
Justice - Crime Lab DUI Tests	303,204	303,204	302,738	302,650	3.8%
CD Operations	220,621	313,355	349,215	349,484	4.4%
Cost Allocated Admin.	235,156	258,672	269,474	280,728	3.6%
Pay Plan and Retirement	0	281,698	0	0	0.0%
Montana State Hospital	0	75,000	0	0	0.0%
Quality Assurance-Licensure	66,496	65,303	68,104	68,202	0.9%
Department of Corrections-Pine Hills	25,523	25,523	25,523	25,523	0.3%
CD Benefits - nonMedicaid	8,610	672	8,610	8,610	0.1%
Total Disbursements	<u>\$6,672,786</u>	<u>\$8,163,826</u>	<u>\$7,775,037</u>	<u>\$7,907,739</u>	100.0%
Adjustments****	<u>\$102,633</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Ending Fund Balance	<u>\$864,452</u>	<u>\$121,080</u>	<u>\$106,965</u>	<u>\$417,146</u>	
*Revenue estimates are those adopted by the Revenue Oversight and Transportation Committee, except DPHHS cost recovery, which uses DPHHS estimates. FY 2009 budgeted amounts are based on 2007 legislative appropriations, except indirect costs, which are based on LFD estimates.					
**Other receipts include lab testing and phone/vending machine income.					
***26.6 percent of alcohol tax revenues collected by the Department of Revenue are statutorially appropriated for distribution as grants to state approved public or private alcoholism programs. A portion (6.6 percent of total revenue) is appropriated to treat persons with alcoholism who also have a mental illness. Any fund balance remaining at fiscal year end, is statutorially appropriated to be distributed to state approved programs.					
****Generally accepted accounting principles (GAAP) require certain entries to be made. The adjustments include those entries, with the most significant being capitalization of a lease for \$28,068.					

The majority of revenue is from a portion of the liquor license tax, with smaller amounts from wine and beer taxes allocated to DPHHS. There are two statutory appropriations from these revenues: 20.0 percent to be distributed as grants to state approved public and private alcoholism programs and 6.6 percent to be distributed to state approved programs for the treatment of persons with alcoholism and mental illness. In addition, balances remaining in the account at fiscal year end are statutorily appropriated for distribution to state approved programs the following year. The two remaining revenues – DPHHS cost recovery and other receipts – are not subject to the statutory appropriation.

The largest share of alcohol tax supports MCDC (57 percent), followed by the two statutory appropriations (26 percent). A small amount of the tax pays the state match for chemical dependency Medicaid services and funds some nonMedicaid services (5 percent for both). The remainder of the FY 2011 budget request (13 percent) funds program administration in AMDD, the Quality Assurance Division, and for crime lab tests run by the Department of Justice. In addition, indirect administrative costs for DPHHS are allocated to the fund.

**LFD  
ISSUE****Excess Alcohol State Special Revenue**

At the end of FY 2011, there is about \$418,000 of alcohol state special revenue remaining – all from the carry forward of DPHHS cost recovery and other receipts. However, the executive pay plan recommendation was not available so there is no pay plan allocation to the fund. Depending on legislative actions with regard to pay plan and appropriation changes requested from the alcohol tax, there may be excess alcohol tax available to appropriate.

**Legislative Option**

The legislature could consider appropriating alcohol tax in place of general fund. The legislature could offset general fund used to support other chemical dependency programs, including a portion of the cost for meth treatment group homes. The legislature could also use the funds as Medicaid match in place of tobacco settlement trust interest income appropriated for Medicaid chemical dependency services. The freed up trust income could be used to offset general fund requested in Medicaid service expansions and provider rate increases throughout the department.

Other state special revenue accounts and the AMDD functions supported are:

- o Medicaid nursing home match includes funds transferred by counties that are used as state match for Medicaid mental health services
- o Payments from the Department of Corrections for custodial services for the Dr. Xanthopolous building on the MSH campus that houses the WaTCH program (alcoholism treatment program for offenders)
- o Tobacco settlement trust interest income that is used as state match for Medicaid benefits

Federal funds support about 36 percent of the 2011 biennium request. Federal Medicaid matching funds make up the largest share of federal funding (27 percent of the total 2011 biennium budget). The federal block grant for prevention and treatment of chemical dependency (Adad Block Grant) is 6 percent of the 2011 biennium request. Other small federal funding sources are:

- o The strategic framework prevention grant (Spfsig) for prevention of binge drinking
- o The federal mental health block grant
- o The federal mental health grant for the homeless

**Statutory Appropriations**

The following table shows the total statutory appropriations associated with this agency. Because statutory appropriations do not require reauthorization each biennium, they do not appear in HB 2 and are not routinely examined by the legislature. The table is provided so that the legislature can get a more complete picture of agency operations and associated policy.

Statutory Appropriations Addictive and Mental Disorders Division					
Purpose	MCA #	Fund Source	Fiscal 2008	Fiscal 2010	Fiscal 2011
<i><u>Grants to State Approved Addition Programs</u></i>					
Alcohol taxes allocated to DPHHS					
20% of proceeds to grants to state approved community addiction programs	53-24-108	SSR	\$1,384,888	\$1,534,225	\$1,625,000
6.6% of proceeds to state approved community addiction programs that serve persons with alcoholism and a mental illness	53-24-108	SSR	374,157	506,088	443,329
<i><u>Debt Service</u></i>					
Debt service for bonds for state hospital	17-7-502	SSR	1,796,631	3,559,516	3,559,274

As appropriate, LFD staff has segregated the statutory appropriations into two general categories: 1) those where the agency primarily acts in an administrative capacity and the appropriations consequently do not relate directly to agency operations; and 2) those that have a more direct bearing on the mission and operations of the agency.

There are three statutory appropriations related to AMDD services. Two of the appropriations are from the alcohol tax state special revenue allocated to DPHHS. The appropriations fund grants to state approved alcoholism programs. These appropriations are discussed in more detail in the funding section.

The third statutory appropriation is for debt service for the bonds that funded construction of the new state hospital. The state special revenue account includes deposits from facility revenues (Medicare, private insurance, Indian Health Insurance, Medicaid, and private payments). Revenues in excess of the debt service are deposited to the general fund.

### Budget Summary by Category

The following table shows the 2011 biennium budget by major component. Base budget expenditures are 83 percent of the total (\$206.5 million). Statewide present law adjustments are \$5.1 million and supported almost entirely by the general fund, due mostly to adjustments to personal services costs at the state institutions.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	55,876,309	55,876,309	111,752,618	83.45%	103,250,193	103,250,193	206,500,386	83.27%
Statewide PL Adjustments	2,189,495	2,358,334	4,547,829	3.40%	2,443,062	2,632,028	5,075,090	2.05%
Other PL Adjustments	6,642,771	7,862,034	14,504,805	10.83%	14,718,076	17,383,350	32,101,426	12.94%
New Proposals	1,435,275	1,683,059	3,118,334	2.33%	1,920,388	2,390,175	4,310,563	1.74%
<b>Total Budget</b>	<b>\$66,143,850</b>	<b>\$67,779,736</b>	<b>\$133,923,586</b>		<b>\$122,331,719</b>	<b>\$125,655,746</b>	<b>\$247,987,465</b>	

Present law adjustments add \$32.1 million, including \$15.5 million general fund. Major components of the increase are:

- o Medicaid utilization and eligibility increases - \$9.2 million total funds (\$2.0 million general fund)
- o Annualization of the AMDD Medicaid waiver - \$9.1 million total funds (\$3.0 million in health and Medicaid initiative state special revenue)
- o Adjustments to add overtime, shift differential, and holiday pay for the state institutions - \$7.0 million general fund
- o Annualization of the cost of other community services initiatives funded by the 2007 Legislature - \$3.5 million general fund
- o Institution cost increases for medical services, food, and utilities add another \$1.0 million fund general fund

New proposals add \$4.3 million total funds, including \$3.1 million general fund:

- o \$1.6 million general fund to continue Goal 189 services initiated by the department to help lower the MSH population
- o \$1.4 million total (\$0.7 million general fund) for a 0.75 annual provider rate increase
- o \$1.3 million for several institutional changes, including 4.00 new FTE for MCDC

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				3,789,420					3,974,254
Vacancy Savings				(1,454,842)					(1,462,226)
Inflation/Deflation				132,602					154,114
Fixed Costs				(24,118)					(34,114)
<b>Total Statewide Present Law Adjustments</b>				<b>\$2,443,062</b>					<b>\$2,632,028</b>
DP 33101 - AMDD Operations Present Law Adjustments									
0.00	11,438	1,758	7,394	20,590	0.00	13,227	2,033	8,551	23,811
DP 33102 - AMDD Rent Increase									
0.00	8,108	1,246	5,241	14,595	0.00	11,990	1,843	7,750	21,583
DP 33201 - Medicaid FMAP - Chemical Dependency									
0.00	0	16,008	(16,008)	0	0.00	0	22,702	(22,702)	0
DP 33202 - CD Medicaid Caseload Adjustment									
0.00	0	23,642	49,081	72,723	0.00	0	35,110	71,381	106,491
DP 33203 - Annualize Meth & CD Regional Services Expansion									
0.00	119,212	0	0	119,212	0.00	119,017	0	0	119,017
DP 33206 - Strategic Prevention Framework Incentive Grant									
0.00	0	0	446,137	446,137	0.00	0	0	446,087	446,087
DP 33301 - MCDC Restore OT/Holidays Worked/Aggregates									
0.00	0	243,190	0	243,190	0.00	0	250,486	0	250,486
DP 33302 - MCDC Present Law Adjustments									
0.00	0	100,503	0	100,503	0.00	0	153,099	0	153,099
DP 33306 - MHSP Pharmacy Benefit - Biennial									
0.00	0	665,158	0	665,158	0.00	0	665,158	0	665,158
DP 33401 - Medicaid FMAP - Mental Health									
0.00	343,319	0	(343,319)	0	0.00	494,855	0	(494,855)	0
DP 33402 - Medicaid Caseload Adjustment - Mental Health									
0.00	1,129,701	0	2,345,232	3,474,933	0.00	1,883,580	0	3,829,433	5,713,013
DP 33404 - Annualize Mental Health Drop-In Centers									
0.00	104,991	0	0	104,991	0.00	104,991	0	0	104,991
DP 33405 - Annualize Suicide Prevention Program									
0.00	24,687	0	0	24,687	0.00	24,665	0	0	24,665
DP 33407 - Annualize 72 Hr Community Crisis Stabilization									
0.00	1,429,173	0	0	1,429,173	0.00	1,429,173	0	0	1,429,173
DP 33410 - Mental Health Community Services Development									
0.00	0	3,764	0	3,764	0.00	0	18,962	0	18,962
DP 33414 - Annualize Home & Community Based Services Waiver									
0.00	0	1,471,493	3,054,785	4,526,278	0.00	0	1,492,314	3,033,964	4,526,278
DP 33501 - MSH Restore OT/Holiday Worked/Aggregates									
0.00	2,914,789	0	0	2,914,789	0.00	3,002,233	0	0	3,002,233
DP 33502 - MSH Present Law Adjustments									
0.00	531,713	0	0	531,713	0.00	619,767	0	0	619,767
DP 33503 - Reduce MSH Base Budget									
0.00	(618,310)	0	0	(618,310)	0.00	(618,310)	0	0	(618,310)
DP 33601 - MMHNCC Restore OT/Holiday Worked/Aggregates									
0.00	451,474	0	0	451,474	0.00	474,367	0	0	474,367
DP 33602 - MMHNCC Present Law Adjustments									
0.00	192,476	0	0	192,476	0.00	302,479	0	0	302,479
<b>Total Other Present Law Adjustments</b>									
0.00	\$6,642,771	\$2,526,762	\$5,548,543	\$14,718,076	0.00	\$7,862,034	\$2,641,707	\$6,879,609	\$17,383,350
<b>Grand Total All Present Law Adjustments</b>				<b>\$17,161,138</b>					<b>\$20,015,378</b>

**Program Personal Services Narrative**

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – Overall division employees are paid at 91 percent of the market rate, which is 9 percent below

the agency target. MSH does not have a plan to progress to market because of inadequate funding. There is concern that occupational pay ranges of the market analysis are inaccurate and do not reflect the current market for professionals.

- o **Vacancy** – AMDD experiences high turnover in state institutions and in mental health professional positions due to outside market conditions for direct care professional licensed staff in an acute care setting. High and sustained vacancies cause other staff to work overtime. Institutions use contract staff to provide adequate staff coverage. Psychiatric and nursing positions are particularly difficult to recruit and retain.
- o **Legislatively Applied Vacancy Savings** – Vacancy savings was met due to normal turnover and to some degree unanticipated vacancies in positions that were difficult to recruit.
- o **Pay Changes** – State institutions managed by AMDD have implemented pay exceptions for certain positions because of recruitment and retention difficulties. At MSH, registered nurse, licensed practical nurse, psychologist, substance abuse counselor, occupational therapist, and dietician positions have standing pay exceptions as result of inability to recruit at previously established pay rates under pay plan 60. Due to recruitment problems, MMHNCC hires the following positions at 83 percent of market (as negotiated with Montana Public Employees Association): certified nurse aide, food service worker, cook, custodian, laundry worker, maintenance worker, social service aide, purchasing agent, medical secretary, administrative clerk, and accounting technician. At MCDC, short term workers for all positions are given a 25 percent increase above entry as they do not receive any benefits and it is necessary to attract short term workers for relief positions. Also the licensed addictions counselors' union contract calls for salaries above entry as the small pool of professionals in this occupation creates recruitment and retention problems. AMDD Mental Health Bureau also recruits within ranges from entry (80 percent) to market for licensed mental health professionals - with poor results.
- o **Retirements** – 49 employees retired during the 2009 biennium. 271 employees (40 percent of the total program workforce) will be eligible for retirement in the 2011 biennium. Based on current trends and projections the division estimates that 54 employees will retire with an anticipated compensated absence liability of \$439,992. taking steps for knowledge sharing and cross training.

### New Proposals

New Proposals											
-----Fiscal 2010-----						-----Fiscal 2011-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 33408 - Annualize Intensive Community Services (Goal 189)											
	33	0.00	800,000	0	0	800,000	0.00	800,000	0	0	800,000
DP 33701 - Provider Rate Increase - AMDD											
	33	0.00	235,275	3,716	212,181	451,172	0.00	483,059	7,713	434,656	925,428
DP 33702 - MCDC Modified Positions											
	33	1.00	0	115,534	0	115,534	1.00	0	116,019	0	116,019
DP 33707 - MCDC Staff Positions											
	33	3.00	0	153,682	0	153,682	3.00	0	148,728	0	148,728
DP 33775 - Restore Operating Base Budget Reduction @ MSH											
	33	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
	Total	4.00	\$1,435,275	\$272,932	\$212,181	\$1,920,388	4.00	\$1,683,059	\$272,460	\$434,656	\$2,390,175



## Sub-Program Details

## MENTAL HEALTH 01

## Sub-Program Proposed Budget

The following table summarizes the proposed executive budget for the agency by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	547.60	0.00	0.00	547.60	0.00	0.00	547.60	547.60
Personal Services	28,082,699	5,604,918	0	33,687,617	5,874,785	0	33,957,484	67,645,101
Operating Expenses	10,325,320	187,401	400,000	10,912,721	411,016	400,000	11,136,336	22,049,057
Equipment & Intangible Assets	227,741	0	0	227,741	0	0	227,741	455,482
Grants	7,602,028	254,991	804,482	8,661,501	254,991	809,077	8,666,096	17,327,597
Benefits & Claims	38,961,941	9,995,542	372,064	49,329,547	12,233,622	764,984	51,960,547	101,290,094
Debt Service	27,398	0	0	27,398	0	0	27,398	54,796
<b>Total Costs</b>	<b>\$85,227,127</b>	<b>\$16,042,852</b>	<b>\$1,576,546</b>	<b>\$102,846,525</b>	<b>\$18,774,414</b>	<b>\$1,974,061</b>	<b>\$105,975,602</b>	<b>\$208,822,127</b>
General Fund	52,980,512	8,636,980	1,372,078	62,989,570	10,018,531	1,555,087	64,554,130	127,543,700
State/Other Special	5,180,859	2,188,514	0	7,369,373	2,224,534	0	7,405,393	14,774,766
Federal Special	27,065,756	5,217,358	204,468	32,487,582	6,531,349	418,974	34,016,079	66,503,661
<b>Total Funds</b>	<b>\$85,227,127</b>	<b>\$16,042,852</b>	<b>\$1,576,546</b>	<b>\$102,846,525</b>	<b>\$18,774,414</b>	<b>\$1,974,061</b>	<b>\$105,975,602</b>	<b>\$208,822,127</b>

## Sub-Program Description

The Mental Health Sub-Program budget request grows \$38.4 million compared to base budget expenditures, with \$21.6 million of the increase supported by general fund. The most significant biennial general fund increases are:

- o Total adjustments for MSH - \$7.0 million to reinstate overtime costs and fund inflationary increases in food and medical costs
- o Statewide present law adjustments - \$4.1 million, with the largest change in personal services for the two state mental health institutions
- o Annualization of implementation of several mental health community service expansions - \$3.1 million (\$12.2 million total funds)
- o New proposals for a provider rate increase and expansion of a FY 2008 initiative to fund community services for persons leaving MSH - \$2.7 million general fund

LFD  
ISSUE

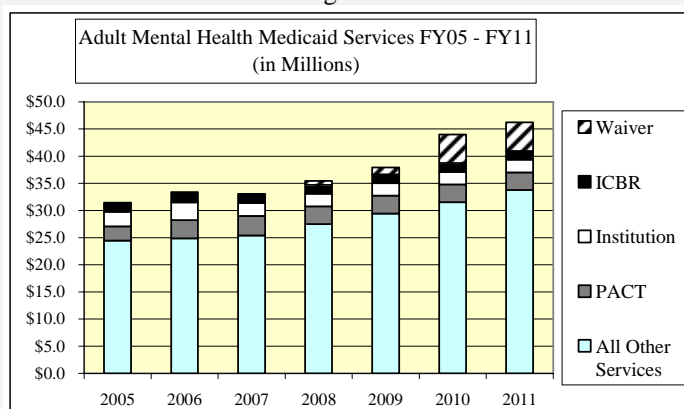
## Mental Health Medicaid Cost Estimates may be too High

The executive budget request for Medicaid mental health benefits increases at an annual rate of about 6 percent from base budget expenditures. Figure 67 shows Medicaid funded adult mental health benefits. Certain benefits are not entitlements so the level is a fixed amount in the budget. The two that are static are:

- o The home and community based waiver - \$5.3 million annually
- o Intensive Community Based Rehabilitation (ICBR) - \$1.6 annually

Federal reimbursement for Medicaid eligible costs at the state institutions is 100 percent federally funded and varies according to the number of days of care for eligible persons. It is treated as a fixed benefit because it is fully federally funded.

Figure 67



**LFD  
ISSUE (CONT.)**

The balance of Medicaid services - \$30.6 million in FY 2010 and \$32.9 million in FY 2011, increase due to eligibility and utilization changes as well as new technology and inflation in some costs. These cost trended services have risen about 2 percent a year from FY 2005 to FY 2007 and then about 5 percent from FY 2007 to FY 2008. The executive request uses a 7 percent annual growth rate from FY 2008 through FY 2011. If cost growth remained at about 5 percent the Medicaid budget could be reduced by \$0.5 million general fund in the 2011 biennium.

The amount needed to fund the AMDD waiver may also be overstated. That issue is discussed in relationship to the present law adjustment to annualize the cost of the waiver.

**Legislative Option**

Medicaid cost estimates for FY 2008 through FY 2011 will be updated in mid February 2009. If FY 2008 and FY 2009 cost trends appear to be lower than 7 percent, the legislature could consider lowering Medicaid costs for the 2011 biennium.

**Budget Summary By Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	52,980,512	52,980,512	105,961,024	83.08%	85,227,127	85,227,127	170,454,254	81.63%
Statewide PL Adjustments	2,132,967	2,300,731	4,433,698	3.48%	2,341,726	2,511,638	4,853,364	2.32%
Other PL Adjustments	6,504,013	7,717,800	14,221,813	11.15%	13,701,126	16,262,776	29,963,902	14.35%
New Proposals	1,372,078	1,555,087	2,927,165	2.30%	1,576,546	1,974,061	3,550,607	1.70%
<b>Total Budget</b>	<b>\$62,989,570</b>	<b>\$64,554,130</b>	<b>\$127,543,700</b>		<b>\$102,846,525</b>	<b>\$105,975,602</b>	<b>\$208,822,127</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments													
-----Fiscal 2010-----					-----Fiscal 2011-----								
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds				
Personal Services				3,502,030						3,668,197			
Vacancy Savings				(1,263,375)						(1,270,012)			
Inflation/Deflation				127,854						148,188			
Fixed Costs				(24,783)						(34,735)			
Total Statewide Present Law Adjustments				\$2,341,726							\$2,511,638		
DP 33306 - MHSP Pharmacy Benefit - Biennial	0.00	0	665,158	0	665,158	0.00	0	665,158	0	665,158			
DP 33401 - Medicaid FMAP - Mental Health	0.00	343,319	0	(343,319)	0	0.00	494,855	0	(494,855)	0			
DP 33402 - Medicaid Caseload Adjustment - Mental Health	0.00	1,129,701	0	2,345,232	3,474,933	0.00	1,883,580	0	3,829,433	5,713,013			
DP 33404 - Annualize Mental Health Drop-In Centers	0.00	104,991	0	0	104,991	0.00	104,991	0	0	104,991			
DP 33405 - Annualize Suicide Prevention Program	0.00	24,687	0	0	24,687	0.00	24,665	0	0	24,665			
DP 33407 - Annualize 72 Hr Community Crisis Stabilization	0.00	1,429,173	0	0	1,429,173	0.00	1,429,173	0	0	1,429,173			
DP 33410 - Mental Health Community Services Development	0.00	0	3,764	0	3,764	0.00	0	18,962	0	18,962			
DP 33414 - Annualize Home & Community Based Services Waiver	0.00	0	1,471,493	3,054,785	4,526,278	0.00	0	1,492,314	3,033,964	4,526,278			
DP 33501 - MSH Restore OT/Holiday Worked /Aggregates	0.00	2,914,789	0	0	2,914,789	0.00	3,002,233	0	0	3,002,233			
DP 33502 - MSH Present Law Adjustments	0.00	531,713	0	0	531,713	0.00	619,767	0	0	619,767			
DP 33503 - Reduce MSH Base Budget	0.00	(618,310)	0	0	(618,310)	0.00	(618,310)	0	0	(618,310)			
DP 33601 - MMHNCC Restore OT/Holiday Worked/Aggregates	0.00	451,474	0	0	451,474	0.00	474,367	0	0	474,367			
DP 33602 - MMHNCC Present Law Adjustments	0.00	192,476	0	0	192,476	0.00	302,479	0	0	302,479			
Total Other Present Law Adjustments				0.00	\$6,504,013	\$2,140,415	\$5,056,698	\$13,701,126	0.00	\$7,717,800	\$2,176,434	\$6,368,542	\$16,262,776
Grand Total All Present Law Adjustments				\$16,042,852							\$18,774,414		

**DP 33306 - MHSP Pharmacy Benefit - Biennial** - This request reflects caseload growth (\$562,726 over the biennium) as well as increased costs for drugs in the Mental Health Services Plan (MHSP) pharmacy program. The budget request is for \$1,330,316 over the biennium in state special revenue. This appropriation is requested to be biennial.

### LFD ISSUE

#### Potential Illegal Use of Funds

The MHSP pharmacy benefit is funded from health and Medicaid initiatives state special revenue, established by citizen initiative that raised tobacco taxes and allocated the proceeds. The statutory uses of the funds are to:

- o Maximize enrollment of eligible children in CHIP
- o Develop a new need-based prescription drug program for children, seniors, chronically ill, and disabled persons
- o Increase Medicaid services and provider rates
- o Offset the loss of general fund revenue as a result of new tax credits
- o Assist eligible small employers with the costs of providing health insurance benefits to eligible employees
- o Pay premium incentive payments or premium assistance payments if the Health Insurance Flexibility and Accountability (HIFA) waiver is approved

**LFD  
ISSUE (CONT.)**

The 2005 Legislature first appropriated health and Medicaid initiative funds to support MHSP because the funds were going to be used to pay the state match for a HIFA waiver to expand Medicaid eligibility to various groups. (Health and Medicaid initiative state special revenue has been budgeted to support MHSP for the last four years in the belief that the HIFA waiver was going to be approved.) However, the federal Centers for Medicare and Medicaid Services (CMS) has disapproved expansion of benefits to certain groups and has not approved the remainder of the waiver.

The legislature may wish to remove the health and Medicaid initiatives revenue from the MHSP program to comply with statute.

#### Legislative Options and Discussion

1. The legislature could reduce MHSP expenditures by the total amount of the state special revenue appropriation.

Obviously, if the legislature were to substantially reduce the MHSP appropriation, it would reduce community mental health services, and potentially the funds for prescription drugs, that are available to low income persons with a serious and disabling mental illness. It would be difficult to quantify and therefore compare the benefits and costs of this option. The amount of an MHSP cost reduction is known. However, potential increased costs to state and local governments would be very difficult to measure. The potential costs to state and local governments of reducing community mental health services that would be higher are:

- o Inpatient hospitalization costs, including the Montana state hospital,
  - o Crisis stabilization services costs
  - o County attorney costs if a person decompensated and was committed to the state hospital by the county
  - o County law enforcement costs if officers were the first responders to a mental health emergency or if officers transported persons to the state hospital
2. The legislature could reallocate the health and Medicaid initiatives to another statutory use supported by the general fund and use the freed up general fund for MHSP.

This option would minimize reductions in the MHSP program. For instance, the CHIP program includes \$2.6 million of general fund that could be offset by health and Medicaid initiatives and tobacco settlement state special revenue. The legislature could also use the health and Medicaid initiatives to support its own initiatives, such as:

- o Medicaid eligibility, service, or rate changes
  - o A new low income prescription drug program
  - o Expansion of the small employer insurance programs administered by the State Auditor's Office
  - o A general fund offset of some executive budget proposals if approved by the legislature, including provider rate increases and Medicaid service expansions
3. The legislature could amend 53-6-1012(2) to include MHSP in the allowable uses of the health and Medicaid initiatives account.

This option conflicts with purpose of the citizen initiative, which was to expand health care programs and not to replace or supplant existing state expenditures in health programs

DP 33401 - Medicaid FMAP - Mental Health - This request adds \$838,174 general fund over the biennium with a reduction in federal funds of the same amount due to an increase in the state Medicaid match rate.

DP 33402 - Medicaid Caseload Adjustment - Mental Health - This request adds \$3,474,933 in FY 2010 including \$1,129,701 general fund and \$5,713,013 in FY 2011 including \$1883,580 general fund for Medicaid caseload and utilization growth in existing mental health services. Base level expenditures were \$35.3 million.

**LFD  
COMMENT**

## Issue of Caseload Adjustment

The issue of the mental health Medicaid caseload adjustment was discussed in the sub-program overview.

DP 33404 - Annualize Mental Health Drop-In Centers - The executive budget includes \$104,991 general fund each year of the biennium to support five community mental health drop-in centers and to assist with start up for additional programs. AMDD contracts with five selected providers: Eastern Montana Community Mental Health Center, Western Montana Mental Health Center in Gallatin County, Montana Mental Health Association, South Central Montana Regional Mental Health Center, and Western Montana Mental Health Center in Livingston. The 2007 Legislature provided funds to expand drop-in centers.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Drop-in centers provide a safe place for consumers to socialize, have interactions with staff who can identify needs, offer supportive services, and provide for early identification and support for a consumer whose illness may be becoming more acute. Drop-in centers provide an opportunity for peer support services and access to other needed mental health or community services.

## Goals:

- Provide accessible resources for early identification, monitoring, and support of individuals with severe mental illnesses
- Provide A safe environment for socialization for individuals with severe mental illnesses
- Provide outreach, referral, and diversion for individuals with severe mental illnesses

## Performance Criteria and Milestones:

- Quarterly reporting by contracted providers on number served, hours of operation, services provided, recovery activities

FTE: There are no FTE associated directly with this service. The AMDD Mental Health Services Bureau is responsible for providing program direction and analysis.

Funding: This request for \$104,991 general fund annualizes start up costs. FY 2008 expenditures were \$266,565 compared to a general fund appropriation of \$371,647.

Challenges to Implementation: Implementation of the program was delayed in FY 2008 due to other competing new program start-ups. All new programs are operational in FY 2009.

Risks of Not Adopting Proposal: Without the requested funding, communities lack the ability to fund these evidence-based services. These services provide an excellent opportunity to identify individuals needing more acute mental health services. Without these services in place, some consumers would need more intense levels of care because of lack of early identification.

**LFD  
ISSUE**

Outcomes are not Measurable

The measures proposed for this funding request do not provide any data with which the legislature may evaluate the service. The executive budget narrative identifies drop-in centers as an evidence based service, so it seems reasonable to assume that there are outcomes that could be measured.

#### Legislative Option

The legislature may wish to ask AMDD to provide quantifiable measures to evaluate the outcomes of funding mental health drop in centers. The legislature could include these measures in the appropriation if it approves the executive request.

DP 33405 - Annualize Suicide Prevention Program - This present law adjustment requests \$24,687 general fund for FY 2010 and \$24,665 in FY 2011 for contracted services provided by the two call center operations in Great Falls and in Bozeman that manage the suicide hotline.

DP 33407 - Annualize 72 Hr Community Crisis Stabilization - This present law adjustment adds \$1,429,173 general fund each year of the biennium to annualize community crisis stabilization services. The program was started March 1, 2008 as a pilot in five sites – Bozeman, Billings, Butte, Hamilton, Helena, Miles City, and Missoula.

Starting August 2008, the program was open to any other willing provider. Training has been provided to hospitals in Great Falls, Kalispell, and Glendive

As of August 2008, Figure 68 shows the estimated number of episodes of care and the estimated cost of care. Mental health centers, including the Billings Crisis Center, are providing most of the crisis stabilization care – about 63 percent. The number of emergency assessments is higher than the unduplicated episodes of care because some individuals were assessed, provided intervention, and diverted to other treatment if necessary.

Figure 68 Episodes of Emergency Care by Provider Type and Month from March 2008 Through September 2008					
MENTAL HEALTH CENTERS & BILLINGS CRISIS CENTER					
Month	Episodes of Care	Crisis Management Hour Costs			Estimated Cost
		Hrs 1-24	Hrs 25-48	Hrs 49-72	
March	45	\$7,535	\$2,845	\$1,756	\$12,136
April	65	18,070	8,003	4,269	30,342
May	49	15,003	7,742	3,225	25,970
June	35	10,202	4,939	2,225	17,366
FY 2008	194	\$50,810	\$23,528	\$11,475	\$85,814
Percent of Total		59.2%	27.4%	13.4%	100.0%
July	76	\$38,374	\$21,382	\$11,681	\$71,437
August	54	21,521	10,649	6,081	38,251
September	43	15,036	8,034	3,819	26,889
FY 2009 to Date	173	\$74,932	\$40,065	\$21,581	\$136,578
Percent of Total		54.9%	29.3%	15.8%	100.0%
HOSPITALS					
Month	Episodes of Care	Crisis Management Hours			Estimated Cost
		Hrs 1-24	Hrs 25-48	Hrs 49-72	
March	28	\$15,325	\$7,588	\$4,198	\$27,111
April	44	25,850	12,163	7,347	45,360
May	42	23,350	11,013	6,064	40,427
June	28	16,400	7,888	3,882	28,169
FY 2008	142	\$80,925	\$38,650	\$21,491	\$141,066
Percent of Total		57.4%	27.4%	15.2%	100%
July	30	\$17,600	\$8,363	\$4,631	\$30,594
August	22	12,800	5,363	2,282	20,445
September	22	13,150	6,063	3,340	22,553
FY 2009 to Date	74	\$43,551	\$19,788	\$10,254	\$73,592
Percent of Total		59.2%	26.9%	13.9%	100%

\*Assessments cost \$90 - \$200 depending on the type of mental health professional performing the assessment.  
Source: Addictive and Mental Disorders Division, DPHHS, October 6, 2008.

**LFD  
COMMENT**

A second component of community crisis stabilization services considered by the 2007 Legislature was development of tele-video psychiatry services available 24/7 to provide real time expertise and support to community providers caring for an individual in crisis. DPHHS issued a request for information to determine whether there was the capability to and interest in providing the service. There were several responders, but none could provide the scope of coverage requested.

AMDD then attempted to hire additional psychiatrists at MSH to be able to provide tele-video psychiatry services from the hospital. However, the recruitment has not been successful.

The alternative plan is to provide telephonic psychiatric assistance through MSH medical staff (or other interested providers) until it is determined sufficient resources exist to provide a tele-video psychiatric consultation component. It is estimated the telephonic psychiatric assistance portion of the program will cost about \$100,000 per year.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** Community crisis stabilization is a new service in the 2009 biennium and is designed to provide new community-based services to address voluntary psychiatric emergencies for uninsured individuals. The array of services also includes funds for psychiatric assessment, psychotherapy by mental health practitioners, and professional services provided by physicians and psychiatrists. This new service creates a period of eligibility for up to 72 hours of crisis stabilization services in the community, including outpatient hospital.

**Goals:**

- Provide 72-hour presumptive eligibility and payment for crisis stabilization services in community settings.
- Enhance use of telemedicine services to increase the availability of mental health professionals across Montana.

**Performance Criteria and Milestones:**

- By June 30, 2009 implement the program statewide.
- By June 30, 2009 reduce the number of emergency and court-ordered detention admissions to MSH based on FY 2007 admission information.
- By January 2009 have telephonic psychiatric consultation services available to all Montana crisis providers.

**FTE:** Three FTE were funded by the 2007 Legislature to manage this program and the expansion of MHSP.

**Funding:** This request adds the difference (\$1,429,173) between FY 2008 expenditures of \$432,072 and the general fund appropriation of \$1,861,245 for each year of the 2011 biennium.

**Challenges to Implementation:** The primary challenges to implementation of the program in FY 2008 have been the development of information technology resources for eligibility and reimbursement that are compatible with systems already in place for the department and the difficulty in contracting for or recruiting psychiatrists at MSH. Staff resources were strained due to the simultaneous implementation of several other significant new initiatives.

**Risks of Not Adopting Proposal:** Without the requested funding, the ability of communities to provide voluntary psychiatric crisis response will be lacking which, in turn, will place additional pressure on the state hospital.

**LFD  
COMMENT**

The legislature may wish to review preliminary data from the pilot programs.

**LFD  
ISSUE**

## Tracking Implementation

The legislature may wish to request that the Legislative Finance Committee track full implementation of this proposal including evaluation of admission data.

DP 33410 - Mental Health Community Services Development - This decision package adds \$3,764 tobacco settlement trust fund interest state special revenue in FY 2010 and \$18,962 in FY 2011 for operating costs (office space, travel, and leased vehicles.) for five half-time FTE who provide peer support to discharged MSH clients to assist in community re-integration. The FTE are located in Missoula (two 0.50 FTE), Butte (two 0.50 FTE), and Helena (one 0.50 FTE).

DP 33414 - Annualize Home & Community Based Services Waiver - The 2007 Legislature accepted the executive proposal to continue and expand a home and community-based Medicaid waiver for adults with severe and disabling mental illness, similar to the waivers administered for elderly, physically disabled, and developmentally disabled adults.

Program initiation has been slow, but gradual. Estimated FY 2008 expenditures are \$734,500. This present law adjustment (\$4,526,278 annually) requests the difference between the FY 2009 appropriation of \$5,260,778 and FY 2008 estimated expenditures. Estimated expenditures in FY 2009 are \$1.2 million. The request also increases state special revenue about \$140,000 for the increase in the state Medicaid match. Figure 69 compares the number of slots funded to the number filled. As of October 2008, 70 percent of the slots were filled.

**Figure 69**  
Number of Service Slots Authorized and Filled  
Adult Mental Health Community Waiver Services

Location	FY2006 (6-30-2006)	FY2007 (6-30-2007)	FY2008 (6-30-2008)	FY2009* (10-8-2008)
Billings		6	34	41
Butte		2	17	23
Great Falls		1	17	24
Total Filled	0	9	68	88
Total Authorized	105	105	125	125
Percent Occupied	0.0%	8.6%	54.4%	70.4%
Base Year Cost			\$734,500	
Average Cost Per Slot			10,801	

\*Slots filled as of 10/8/08.

**LFD  
ISSUE**

## Average Annual Cost and Enrollment may be Lower than Executive Request

The executive request to bring the funding for the AMDD waiver to full enrollment may be overstated. The executive budget is based on an annual cost of \$42,086 per slot compared the FY 2008 average of \$10,081. If the annual 2011 biennium budget request were based on the FY 2008 average, the cost to fully fund the waiver would be \$3.9 million lower (\$1.3 million health and Medicaid initiatives state special revenue). Figure 70 shows the FY 2008 enrollment, average cost, and the annual waiver cost in the 2011 biennium for the executive budget and the difference if the FY 2008 average cost per slot were used.

**Figure 70**  
Annual Cost per Waiver Slot  
FY 2008 Compared to Budget Request

Cost/Slots	FY 2008	FY 2010 & FY 2011
Total Cost	\$734,500	\$5,260,778
Total Slots	68	125
Average Cost	\$10,801	\$42,086
Executive Request		\$5,260,778
Cost Using FY 2008 Average		<u>1,350,184</u>
Annual Difference		<u>\$3,910,594</u>
State Match Difference		\$1,289,323

The waiver program is still developing. Using the FY 2008 cost to develop the 2011 biennium cost estimates may not be representative of more recent experience; however, the annual projected cost in the 2011 biennium seems very high in comparison. The LFD has requested recent monthly data to evaluate current waiver costs.

## Legislative Option

The legislature may wish to review the most recent data if it decides to approve the executive request. The cost to annualize the waiver may be lower than the executive budget.



**LFD  
ISSUE (CONT.)**

Enrollment is increasing in the waiver. However, full enrollment at 125 slots may not be reached by June 30 and the FY 2010 cost may be overstated.

**Legislative Option**

The legislature may wish to evaluate the most recent data for the waiver and use the average cost to develop the cost estimate for annualizing the cost of the AMDD waiver. The legislature may also wish to review the most recent enrollment figures to determine when the waiver might reach full enrollment.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** The program is designed to provide individuals with severe mental illnesses, that otherwise would require a nursing home level of care, a package of services including case management, nursing, personal assistance services, and homemaker services to enable them to remain in their homes.

**Goals:**

- Provide community-based services to 125 individuals with severe mental illnesses as an alternative to nursing home level of care
- Develop resources in targeted communities to meet the health care needs of individuals who are eligible for this waiver and who have chosen to participate

**Performance Criteria and Milestones:**

- By January 2009, complete annual audit of all individual care plans to evaluate effectiveness of services and identify unmet needs
- Assess feasibility of requesting an expansion of targeted communities and number of slots through an amendment to the waiver without additional funding.

**FTE:** There are no FTE associated directly with this service. The AMDD Mental Health Services Bureau is responsible for providing program direction and analysis.

**Funding:** This program is funded from health and Medicaid initiatives state special revenue (\$2,963,807) and federal Medicaid funds (\$6,088,749).

The program is currently operating in three geographical areas: Billings, Butte, and Great Falls. In those communities, the program is managed by a primary contractor that, in turn, contracts with several subcontractors for individualized wrap around services.

**Challenges to Implementation:** Barriers to enrollment have included recruitment and training of case management teams, AMDD staff, and community providers as well as development of appropriate services in targeted communities (i.e., housing).

**Risks of Not Adopting Proposal:** Without this service array, individuals would be served in nursing home settings.

**LFD  
ISSUE****Evaluation Criteria are Nonspecific**

The program is going to undertake an audit of all care plans to evaluate the effectiveness of services. However, there is nothing to indicate how effectiveness will be measured or quantified.

**Legislative Option:**

The legislature could ask for the evaluation criteria that the program will use to assess the quality and outcomes of waiver services. The legislature could adopt some or all of the criteria if it approves this request. The legislature could also ask the Legislative Finance Committee to track this initiative during the interim.

**LFD  
ISSUE****Assess Enrollment**

The legislature could assess enrollment levels again in early 2009 to determine whether the number of persons served is increasing. If not the legislature could consider whether to continue to fund all 125 waiver slots during the 2011 biennium.

**Legislative Option:**

The legislature could evaluate whether enrollment in the adult mental health waiver is increasing. If not, the legislature could consider:

- Approving a portion of the waiver request
- Restricting the appropriation to limit potential transfers to other uses
- Adopting language that would allow unused slots to transfer to other waivers or services that could be funded with health and Medicaid initiatives revenue

DP 33501 - MSH Restore OT/Holiday Worked /Aggregates - This request adds \$2,914,789 general fund in FY 2010 and \$3,002,233 in FY 2011 for personal services costs that were removed from the FY 2008 base budget for Montana State Hospital. The funding would pay overtime, shift differential, holidays worked, and doctor on-call services to provide 24 hour staffing.

This request also includes the funding of aggregate positions. Aggregate positions are used to provide coverage for staff on sick leave, vacation leave, and in nurse aide training classes.

The request inflates personal services costs in anticipation of a 3 percent pay increase.

DP 33502 - MSH Present Law Adjustments - This request adds \$531,713 general fund in FY 2010 and \$619,767 in FY 2011 for inflationary cost increases for pharmacy, medical expenses for residents without Medicare, Medicaid or personal funds. It also increases funding for food services and upgrades to computer software at the state hospital.

DP 33503 - Reduce MSH Base Budget - In FY 2008, the Montana State Hospital transferred \$775,000 general fund from personal services to cover additional operating costs at the hospital. \$618,310 of that amount was spent and the balance was reverted. This request reduces the base budget by \$618,310 and brings the budget back to the appropriated 2008 level. The executive budget includes a new proposal, NP33775, to request additional general fund support.

DP 33601 - MMHNCC Restore OT/Holiday Worked/Aggregates - This request adds \$451,474 general fund in FY 2010 and \$474,367 in FY 2011 for the Montana Mental Health Nursing Care Center (MMHNCC) for personal services costs that are zero-based. These costs include overtime, differential, and holidays worked and are related to operating a medical facility with 24 hour staffing. The request also includes funding for a 3 percent pay plan increase.

DP 33602 - MMHNCC Present Law Adjustments - This present law adjustment funds inflation increases in pharmacy, and outside medical services, replacement equipment, and nursing facility bed tax for MMHNCC. The request adds \$192,476 general fund in FY 2010 and \$302,479 in FY 2011.

### New Proposals

New Proposals										
Sub Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33408 - Annualize Intensive Community Services (Goal 189)										
01	0.00	800,000	0	0	800,000	0.00	800,000	0	0	800,000
DP 33701 - Provider Rate Increase - AMDD										
01	0.00	172,078	0	204,468	376,546	0.00	355,087	0	418,974	774,061
DP 33775 - Restore Operating Base Budget Reduction @ MSH										
01	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
<b>Total</b>	<b>0.00</b>	<b>\$1,372,078</b>	<b>\$0</b>	<b>\$204,468</b>	<b>\$1,576,546</b>	<b>0.00</b>	<b>\$1,555,087</b>	<b>\$0</b>	<b>\$418,974</b>	<b>\$1,974,061</b>

DP 33408 - Annualize Intensive Community Services (Goal 189) - This new proposal adds \$1.6 million general fund over the biennium to provide community-based services to uninsured individuals, who would otherwise have difficulty in transitioning from MSH to community services.

This proposal continues the Intensive Community Services (Goal 189) agency initiative started in FY 2008, with expenditures of \$218,860. It is estimated that the program will cost \$1.3 million general fund in FY 2009. It is the expectation of the department that the program can be successfully funded at a slightly lower level than FY 2009 by discontinuing the daily payment guarantee for group home beds.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: The initiative is designed to enable MSH to maintain its daily census as close to 189 as possible by developing new community services to serve the uninsured individuals needing more a intensive level of community care.

#### Goals and Objectives:

- Expand community based services to adequately serve individuals needing intensive services upon discharge from the state hospital or who are at risk of readmission to the hospital.
- Provide funding for community supports and resources to aid in transition and integration into community
- Provide timely access to treatment throughout the state to:
  - Help reduce the number of individuals who must be admitted to the state hospital.
  - Discharge individuals sooner, where they can be treated in a community setting; therefore reducing the census as well.

#### Performance Criteria and Milestones:

- Number of patients discharged with services and supports funded by this initiative
- Readmission rates for this population at 60, 90, 180 days compared with all discharges

FTE: None. Program support and analysis is provided through the AMDD Mental Health Services Bureau.

Funding: \$800,000 general fund each year.

**Evaluation:** The effectiveness of this program will be gauged through the daily census reports from MSH, as well as the number of individuals served within the community setting.

**Obstacles:** Development of new resources (group home beds) delayed implementation until June 2008. Programs administered through individual contracts and agreements is time-consuming for providers and AMDD staff.

**Risk:** Without these resources, the ability to keep the MSH census near the licensed capacity would be difficult. Further, uninsured individuals may struggle to find necessary crisis services in the community.

#### LFD ISSUE

Evaluation Criteria are Good, but Need Benchmarks and Time Frames

The performance criteria for this initiative are good. They are specific and will enable agency staff, the public, and legislators to determine whether the Goal 189 services are effective. However, there is no bench mark/time period with data from which to start. For instance, if 100 persons receive services from this initiative, it would be good to know the time frame measured. If readmission rates vary significantly between time periods that information would initiate discussions to either discontinue or improve services if the performance declines, or potentially expand services or replicate services in other areas of the state if performance improves. Since these services are funded 100 percent from the general fund and are provided regardless of ability to pay, the legislature may wish to consider restricting the appropriation.

**Legislative Options:**

If the legislature approves this request it could:

1. Request that the agency develop bench marks and designate a starting point as well as the time period to be measured and adopt those bench marks and measures
2. Restrict the appropriation to be used for transitioning persons from or preventing their imminent placement to MSH

**DP 33701 - Provider Rate Increase - AMDD** - This new proposal funds one percent provider rate increase for each year of the 2011 biennium. The request includes \$718,334 general fund, \$11,429 state special revenue, and \$646,837 federal funds for a total increase of \$1,376,600 for the division over the biennium. The portion of the request allocated to mental health providers is \$1.1 million, including \$305,100 general fund. The portion allocated to chemical dependency providers is \$226,100, including \$191,200 general fund. The rate increase is delayed until October 1, making the effective increase 0.75 percent over each fiscal year.

**DP 33775 - Restore Operating Base Budget Reduction at MSH** - This budget request adds \$400,000 general fund each year of the biennium to partially offset the reduction to base operating costs (PL 33503). In FY 2008, operating expenditures exceeded the hospital appropriation due to increased workload from the high census and other miscellaneous operating cost increases such as pharmacy management fees, building and grounds maintenance, and utilities. \$775,000 was transferred from personal services appropriations to fund \$618,310 of operating costs. \$156,690 reverted as unspent funds at year end. This proposal would restore the base operating level of expenditure.

#### LFD COMMENT

Potential Personal Services Funding Excess

MSH like other medical institutions has difficulty in recruitment and retention of medical staff. Budget requests for personal services are developed using current FTE levels and pay grades and assume all staff positions are full. The 2011 biennium executive budget also imposed vacancy savings of 4 percent on all programs.

The legislature may wish to discuss the current and anticipated medical staff vacancy rates with AMDD personnel. If vacancy rates remain high there may be excess personal services authority that could be used to offset these operating cost increases.

## Sub-Program Details

## ADDICTION TREATMENT &amp; PREVENTION 02

## Sub-Program Proposed Budget

The following table summarizes the proposed executive budget for the agency by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	64.25	0.00	4.00	68.25	0.00	4.00	68.25	68.25
Personal Services	3,448,543	341,277	259,216	4,049,036	365,152	260,247	4,073,942	8,122,978
Operating Expenses	3,507,836	219,860	10,000	3,737,696	273,296	4,500	3,785,632	7,523,328
Grants	2,345,350	446,137	9,480	2,800,967	446,087	19,196	2,810,633	5,611,600
Benefits & Claims	7,069,231	72,723	65,146	7,207,100	106,491	132,171	7,307,893	14,514,993
Debt Service	9,353	4,800	0	14,153	4,800	0	14,153	28,306
<b>Total Costs</b>	<b>\$16,380,313</b>	<b>\$1,084,797</b>	<b>\$343,842</b>	<b>\$17,808,952</b>	<b>\$1,195,826</b>	<b>\$416,114</b>	<b>\$17,992,253</b>	<b>\$35,801,205</b>
General Fund	1,990,356	110,051	63,197	2,163,604	110,047	127,972	2,228,375	4,391,979
State/Other Special	4,477,987	512,590	272,932	5,263,509	606,485	272,460	5,356,932	10,620,441
Federal Special	9,911,970	462,156	7,713	10,381,839	479,294	15,682	10,406,946	20,788,785
<b>Total Funds</b>	<b>\$16,380,313</b>	<b>\$1,084,797</b>	<b>\$343,842</b>	<b>\$17,808,952</b>	<b>\$1,195,826</b>	<b>\$416,114</b>	<b>\$17,992,253</b>	<b>\$35,801,205</b>

## Sub-Program Description

The Addiction Treatment and Prevention Program budget request grows \$3.0 million over the biennium, including \$0.4 million general fund. Present law adjustments for overtime pay and inflation for certain operating costs and new proposals that add 4.00 FTE for the Montana Chemical Dependency Center (MCDC) are \$1.1 million of the change. MCDC adjustments are funded entirely from the alcohol tax state special revenue account. Federal grant funds for prevention of binge drinking increase about \$1 million. General fund supports group home services for community meth treatment.

## Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	1,990,356	1,990,356	3,980,712	90.64%	16,380,313	16,380,313	32,760,626	91.51%
Statewide PL Adjustments	(9,161)	(8,970)	(18,131)	(0.41%)	103,032	120,646	223,678	0.62%
Other PL Adjustments	119,212	119,017	238,229	5.42%	981,765	1,075,180	2,056,945	5.75%
New Proposals	63,197	127,972	191,169	4.35%	343,842	416,114	759,956	2.12%
<b>Total Budget</b>	<b>\$2,163,604</b>	<b>\$2,228,375</b>	<b>\$4,391,979</b>		<b>\$17,808,952</b>	<b>\$17,992,253</b>	<b>\$35,801,205</b>	

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				245,857					263,128	
Vacancy Savings				(147,770)					(148,462)	
Inflation/Deflation				4,030					5,109	
Fixed Costs				915					871	
Total Statewide Present Law Adjustments				\$103,032					\$120,646	
DP 33201 - Medicaid FMAP - Chemical Dependency										
	0.00	0	16,008	(16,008)	0	0.00	0	22,702	(22,702)	0
DP 33202 - CD Medicaid Caseload Adjustment										
	0.00	0	23,642	49,081	72,723	0.00	0	35,110	71,381	106,491
DP 33203 - Annualize Meth & CD Regional Services Expansion										
	0.00	119,212	0	0	119,212	0.00	119,017	0	0	119,017
DP 33206 - Strategic Prevention Framework Incentive Grant										
	0.00	0	0	446,137	446,137	0.00	0	0	446,087	446,087
DP 33301 - MCDC Restore OT/Holidays Worked/Aggregates										
	0.00	0	243,190	0	243,190	0.00	0	250,486	0	250,486
DP 33302 - MCDC Present Law Adjustments										
	0.00	0	100,503	0	100,503	0.00	0	153,099	0	153,099
Total Other Present Law Adjustments										
	0.00	\$119,212	\$383,343	\$479,210	\$981,765	0.00	\$119,017	\$461,397	\$494,766	\$1,075,180
Grand Total All Present Law Adjustments				\$1,084,797						\$1,195,826

DP 33201 - Medicaid FMAP - Chemical Dependency - This adjustment adds \$38,710 alcohol state special revenue over the biennium and reduces federal funds by the same amount due to the increase in the state Medicaid match rate.

DP 33202 - CD Medicaid Caseload Adjustment - Chemical dependency Medicaid services are estimated to increase by 2.2 percent each year of the 2011 biennium. This request adds \$72,723 in FY 2010 (\$23,642 in SSR and \$49,081 in federal funds) and \$106,491 in FY 2011 (\$35,110 in SSR and \$71,381 in federal funds) for this increase. Base expenditures were \$1.5 million.

DP 33203 - Annualize Meth & CD Regional Services Expansion - This budget request adds \$238,229 general fund over the biennium for the seven treatment homes developed in FY 2008. The 2007 Legislature approved the first major general fund appropriation to support chemical dependency services when it approved \$2.0 million general fund each year of the biennium for this expansion.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Methamphetamine use continues to impact communities across Montana. An increased level of community based services based on best treatment strategies for methamphetamine treatment is necessary to address this problem. Methamphetamine clients need the range of services and continuum of care represented in biopsychosocial treatment for optimum results. The ideal treatment process consists of a treatment initiation phase, an abstinence attainment phase and a maintenance phase with long-term support

#### Goals and Objectives:

- Expand community based services to successfully deal with this growing problem.
- Provide community based services that address the needs of male, female, and Native Americans across the state.
- To provide timely access to treatment is critical to address the problem, and reduce costs to the medical, correctional, and public health systems.

## Performance Criteria and Milestones:

- Increase admissions to community based services with the implementation of NIATx (Network for the Improvement of Addiction Treatment) principles
- To reduce waiting time between the first request for service and first treatment session.

FTE: None. Program support and analysis is provided by AMDD Chemical Dependency Bureau.

Funding: \$2.2 million general fund each year of the biennium

Evaluation: The effectiveness of the community-based programs will be evaluated on a quarterly and annual basis through data submitted by non-profit corporations. Quality Assurance Division undertakes annual site reviews of all state-approved programs.

Obstacles: Many individuals using meth suffer from co-occurring disorders and deal with mental health issues as well. This issue has far reaching impacts on the medical, correctional, and public health systems across the state. With seven residential homes, each having a maximum capacity of eight residents, there can be a waiting list for admission into treatment.

Risk: Meth use will continue to grow, and if not addressed by the combined efforts of media, enforcement, treatment and recovery Montana will continue to see increased injury and death, in addition to escalating costs to medical, correctional, and public health systems.

**LFD  
ISSUE**

Evaluation Criteria are Nonspecific and not Tied to Original Legislative Goals

The performance measures are very general and do not allow policy makers to evaluate whether the program is performing well or poorly. The objectives of the community treatment beds funded by the 2007 Legislature were more specific in types of outcomes, although the criteria also lacked specific measures.

The 2007 Legislature approved funding for the community treatment group homes and expected evaluation of the services using the following criteria:

- Increase in the length of time of non-use
- Decrease in the number of encounters with law enforcement
- Decrease in the admissions to inpatient treatment
- Increase in the length of gainful employment

Attainment of these measures would provide more valuable information to the legislature than counting admissions and the length of time before a person is admitted to services.

## Legislative Options:

The legislature could ask AMDD to provide specific measures related to the objectives funded by the legislature when it approved the expansion. The legislature could also ask that the objectives be enhanced and tied to specific data and time periods so that program reports could be compared to bench marks. Without these specifics the legislature will not know whether the program achieved what was expected when the legislature approved funding.

Contractors are to provide data to AMDD quarterly to allow evaluation of the program services. The legislature could ask AMDD to provide preliminary data related to the objectives funded by the 2007 Legislature.

**LFD  
COMMENT****Agency Administrative Costs Overstated; Benefits and Claims Understated**

The expenditures for treatment services are recorded as an operating cost rather than the cost of providing services to eligible individuals. Categorization of payments for services to specific individuals as an administrative cost misstates the amount of funding approved by the legislature for services to Montanans. This accounting decision makes it appear that legislators increased funding for administration of state programs rather than treatment services. The LFD will reallocate expenditures that fund services for individuals to the benefits category of expenditure to reflect how the legislature expected the funds to be used when it made the appropriation.

DP 33206 - Strategic Prevention Framework Incentive Grant - This present law adjustment requests federal grant authority of \$446,137 in FY 2010 and \$446,087 in FY 2011. This grant will assist in helping communities develop 'how to' manuals for prevention activities related to binge drinking. The manuals will include direction on integrating data, developing a licensure for prevention professionals and building data and evaluation of knowledge and use. Funding will support community grants. Base expenditures were \$1.8 million.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Binge drinking has been identified as a continual problem in Montana, especially in the youth population. Montana continues to lead the country with its incidence of drunken driving deaths. Lifespan drinking beginning at youth is a perpetual problem in the state.

**Goals and Objectives:**

- Build infrastructure and capacity to prevent or diminish binge and lifespan drinking
- Expand the epidemiological workgroup
- Build functionality for prevention through leadership, cooperation, and action
- Expand the knowledge, skills, and abilities of state and community prevention personnel
- Reduce incidence of drunk driving deaths and injuries in Montana
- Assist communities in developing "how to" manuals for prevention activities
- Assist communities in building, integrating, and evaluating prevention data
- Develop a licensure program for prevention professionals

**Performance Criteria:**

- Did the community develop a local strategic prevention plan?
- Did the community identify one or more casual factors on which to focus?
- Did the community identify additional stakeholders and create new partnerships to advance the plan? Who else needs to be involved?
- Did the community select and implement effective strategies linked to impacting casual factors?
- Did positive change occur at the community level in the substance abuse problem in the population that was targeted?
- Were there related changes in casual factors linked to the substance abuse related problems?

**Milestones:**

- Did the community plan work and overcome the challenges that were addressed?
- Did the community focus on one or more identified casual factors?
- Were additional stakeholders identified and were they utilized to assist in advancing the plan?
- Were effective strategies identified and implemented that impacted casual factors?
- Did positive change occur at the community level related to the substance abuse problem?



FTE: None

Funding: \$2.2 million federal grant funds each year of the biennium

Evaluation: The effectiveness of the community-based programs will be evaluated on a quarterly and annual basis through performance based contracts. Data will be entered and evaluated through the Substance Abuse Management System (SAMS).

Obstacles: Possible decrease in federal grant funding

Risk: Fatalities due to vehicle crashes and binge drinking, especially with youth

### LFD ISSUE

Performance Criteria are Vague

The contracts governing the community grants are performance based and will be evaluated for outcomes. However, the expanded justification does not include the types of measures that will be needed for federal grant reporting.

Legislative Option:

The legislature may wish to request the specific measures that AMDD will use to evaluate some of the objectives, such as measuring the effectiveness of the community based programs, whether positive change occurred at the community level in the substance abuse problem in the population that was targeted, and whether there were related changes in casual factors linked to the substance abuse related problems. The legislature could adopt some of the same measures for its evaluation.

DP 33301 - MCDC Restore OT/Holidays Worked/Aggregates - This request adds \$243,190 in FY 2010 and \$250,486 in FY 2011 in alcohol state special revenue funds for personal services costs that were removed from the FY 2008 base budget for MCDC. This request funds overtime and holidays worked, with benefits, and funding of aggregate positions. Aggregate positions are used to provide coverage for staff on sick leave, vacation leave, and in staff training classes.

DP 33302 - MCDC Present Law Adjustments - This request adds \$100,503 in alcohol tax state special revenue funds in FY 2010 and \$153,099 in FY 2011 to address inflation increases for pharmacy, laboratory, outside medical and dental, facility rent, and food services.

### New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33701 - Provider Rate Increase - AMDD										
02	0.00	63,197	3,716	7,713	74,626	0.00	127,972	7,713	15,682	151,367
DP 33702 - MCDC Modified Positions										
02	1.00	0	115,534	0	115,534	1.00	0	116,019	0	116,019
DP 33707 - MCDC Staff Positions										
02	3.00	0	153,682	0	153,682	3.00	0	148,728	0	148,728
<b>Total</b>	<b>4.00</b>	<b>\$63,197</b>	<b>\$272,932</b>	<b>\$7,713</b>	<b>\$343,842</b>	<b>4.00</b>	<b>\$127,972</b>	<b>\$272,460</b>	<b>\$15,682</b>	<b>\$416,114</b>

DP 33701 - Provider Rate Increase - AMDD - This new proposal funds one percent provider rate increase for each year of the 2011 biennium. The request includes \$718,334 general fund, \$11,429 state special revenue, and \$646,837 federal funds for a total increase of \$1,376,600 for the division over the biennium. The portion of the request allocated to mental health providers is \$1.1 million, including \$305,100 general fund. The portion allocated to chemical dependency

providers is \$226,100, including \$191,200 general fund. The rate increase is delayed until October 1, making the effective increase 0.75 percent over each fiscal year.

DP 33702 - MCDC Modified Positions - This new proposal requests \$231,553 in state special revenue to continue a modified position for an advanced practice registered nurse (APRN) approved in FY 2008. The APRN provides assistance to the single medical physician employed by MCDC on a regular and on-call basis. Without the APRN position, the physician is responsible for all on-call hours evenings and weekends. Census levels have remained higher than previous years and medical staff needs to be readily available to provide comprehensive health screenings

DP 33707 - MCDC Staff Positions - This new proposal requests \$302,410 in state special revenue for the 2011 biennium to add one registered nurse and two case managers at MCDC. The request includes \$287,910 in personal services and \$14,500 in operating expenses. The new registered nurse FTE would increase the nurse coverage on afternoon shifts and weekends. The new case managers would coordinate with the clinical treatment teams, probation officers, family services, the legal system, referral sources, and other outside sources involved in a patient's treatment to coordinate continued care and discharge planning (make follow-up appointments with CD providers, mental health providers, medical providers and others), and obtain placement confirmations for housing and employment. The new staff would eliminate the amount of time that clinical staff spends coordinating these services, allowing them more time to focus their efforts on clinical treatment and recordkeeping.

## Sub-Program Details

## AMDD DIVISION ADMIN 03

## Sub-Program Proposed Budget

The following table summarizes the proposed executive budget for the agency by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	15.00	0.00	0.00	15.00	0.00	0.00	15.00	15.00
Personal Services	1,050,858	(2,164)	0	1,048,694	(823)	0	1,050,035	2,098,729
Operating Expenses	540,493	35,653	0	576,146	45,961	0	586,454	1,162,600
Benefits & Claims	50,000	0	0	50,000	0	0	50,000	100,000
Debt Service	1,402	0	0	1,402	0	0	1,402	2,804
<b>Total Costs</b>	<b>\$1,642,753</b>	<b>\$33,489</b>	<b>\$0</b>	<b>\$1,676,242</b>	<b>\$45,138</b>	<b>\$0</b>	<b>\$1,687,891</b>	<b>\$3,364,133</b>
General Fund	905,441	85,235	0	990,676	91,790	0	997,231	1,987,907
State/Other Special	158,926	(9,894)	0	149,032	(8,937)	0	149,989	299,021
Federal Special	578,386	(41,852)	0	536,534	(37,715)	0	540,671	1,077,205
<b>Total Funds</b>	<b>\$1,642,753</b>	<b>\$33,489</b>	<b>\$0</b>	<b>\$1,676,242</b>	<b>\$45,138</b>	<b>\$0</b>	<b>\$1,687,891</b>	<b>\$3,364,133</b>

## Sub-Program Description

The executive budget request for the AMDD division administration function grows about \$79,000 over the biennium from a base expenditure level of \$1.6 million. However, the executive budget increases general fund \$177,000 over the biennium. The executive request shifts a higher percent of the cost allocated expenses to the general fund. The funding change was made in the adjusted base budget in anticipation of a federal grant fund reduction.

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## Present Law General Fund Shift

The FY 2010 and FY 2011 budget requests changed funding ratios for general fund, state special revenue, and federal funds compared to base budget funding, shifting \$53,039 more cost to the general fund and lowering costs to state special revenue by \$33,060 and to federal funds by \$19,979. It appears the cost shift was made in anticipation of federal grant fund reductions.

## Legislative Option

The legislature could fund the cost allocated functions in the 2011 biennium according to the same cost ratios as base budget expenditures, thereby lowering general fund outlays by \$53,039.

## Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	905,441	905,441	1,810,882	91.09%	1,642,753	1,642,753	3,285,506	97.66%
Statewide PL Adjustments	65,689	66,573	132,262	6.65%	(1,696)	(256)	(1,952)	(0.06%)
Other PL Adjustments	19,546	25,217	44,763	2.25%	35,185	45,394	80,579	2.40%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$990,676</b>	<b>\$997,231</b>	<b>\$1,987,907</b>		<b>\$1,676,242</b>	<b>\$1,687,891</b>	<b>\$3,364,133</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----					-----Fiscal 2011-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				41,533						42,929
Vacancy Savings				(43,697)						(43,752)
Inflation/Deflation				718						817
Fixed Costs				(250)						(250)
<b>Total Statewide Present Law Adjustments</b>				<b>(\$1,696)</b>						<b>(\$256)</b>
DP 33101 - AMDD Operations Present Law Adjustments										
0.00	11,438	1,758	7,394	20,590	0.00	13,227	2,033	8,551	23,811	
DP 33102 - AMDD Rent Increase										
0.00	8,108	1,246	5,241	14,595	0.00	11,990	1,843	7,750	21,583	
<b>Total Other Present Law Adjustments</b>										
<b>0.00</b>	<b>\$19,546</b>	<b>\$3,004</b>	<b>\$12,635</b>	<b>\$35,185</b>	<b>0.00</b>	<b>\$25,217</b>	<b>\$3,876</b>	<b>\$16,301</b>	<b>\$45,394</b>	
<b>Grand Total All Present Law Adjustments</b>				<b>\$33,489</b>						<b>\$45,138</b>

DP 33101 - AMDD Operations Present Law Adjustments - This request for \$20,590 in FY 2010 and \$23,811 in FY 2011 funds additional software maintenance for medical records systems and data consultants for IT system improvements at Montana State Hospital. This funding request includes \$24,665 of general fund over the biennium and \$19,736 in other funds. Base expenditures were \$48,662.

DP 33102 - AMDD Rent Increase - This request adds \$36,178 over the biennium for rent increases at the AMDD headquarters building in Helena. The request includes \$20,098 in general fund and \$16,080 in other funds over the biennium. Base expenditures were \$125,161.